NOTICE OF PUBLIC MEETING
CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
333 Broadalbin Street SW
Monday, February 22, 2016
4:00 p.m.

AGENDA

OUR MISSION IS

"Providing quality public services for a better Albany community."

OUR VISION IS

"A vital and diversified community that promotes a high quality of life, great neighborhoods, balanced economic growth, and quality public services."

Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

4:00 p.m. CALL TO ORDER

4:00 p.m. ROLL CALL

4:05 p.m. BUSINESS FROM THE PUBLIC

4:10 p.m. CALAPOOIA WATERSHED COUNCIL UPDATE – Tara Davis, Ed Hodney, and Jeff Blaine. [Verbal]
Action Requested: Information and discussion.

4:30 p.m. ALBANY PARTNERSHIP FOR HOUSING UPDATE – Mayor Sharon Konopa. [Pages 2-6]
Action Requested: Information.

4:55 p.m. HOUSING GRANT FUNDS – Bob Richardson. [Pages 7-11]
Action Requested: Information, discussion, and direction.

5:10 p.m. DESIGNATED "RESIDENT-ONLY" PARKING SPACE – Ron Irish. [Verbal]
Action Requested: Information and discussion.

5:25 p.m. OFFER TO DONATE PRIVATE PROPERTY – Sean Kidd. [Verbal]
Action Requested: Information, discussion, and direction.

5:35 p.m. CITY MANAGER SEARCH PROCESS – Wes Hare. [Verbal]
Action Requested: Information, discussion, and direction.

5:45 p.m. BUSINESS FROM THE COUNCIL

5:55 p.m. CITY MANAGER REPORT

6:00 p.m. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advanced notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.

TO: Albany City Council

FROM: Mayor Sharon Konopa Sharon (AR)

DATE: February 15, 2016, for the February 22; 2016, City Council Work Session

SUBJECT: Report on Albany Partnership for Housing and Community Development (APHCD)

It has been quite a few years since I've updated you on programs of the Albany Partnership for Housing and Community Development (APHCD). APHCD is a City partner that provides affordable rentals and supportive housing services in Albany.

APHCD was formed in 1991 by concerned citizens to address the housing needs of low-income families and individuals. Since then, the City of Albany has supported APHCD as the service provider to the community for low-income housing by allowing property tax exemptions on three multi-family housing complexes. I have been the City Council representative on the APHCD board for 18 years. The by-laws for this non-profit's board of directors were structured to have a City planner and a member of the City Council on the board to provide oversight of the City's investment in providing property tax exemption for low-income housing.

In the past, Helen Burns Sharp and Don Donovan were very involved as the City Planning Division's representatives; and since 2004, Anne Catlin has filled the position. The Planning Division's budget supported a staff member for this board position until the downturn in the economy when the Division reduced staffing levels. Anne has been volunteering her time since then. Also, the Police Department used to provide their Neighborhood Watch Coordinator for board support.

I apologize for the lack of updates, but you have heard me mention situations related to housing or homeless issues and how APHCD has filled that role as a local resource agency for the City.

In the mid-2000's, APHCD did not have an executive director and I filled the role for six years. For the past eight years, we had an executive director but the position was vacated last May. Since then, Anne and I have filled in, picking up the duties of an executive director. We have restructured all program duties to three staff positions so an executive director is not needed. This is a significant cost savings for the non-profit. Since we restructured staff roles, the agency has started saving money, rehab has started at Parkside Court, and all properties are performing within budget.

Parkside Court no longer has a mortgage. APHCD has begun saving funds for capital reserves and replacements. This property must stay as affordable housing until 2046, a condition of the federal funding used to purchase the property, which is a hindrance to sell the property to a for-profit entity. It is an asset to our community as this nonprofit is community-owned and City-partnered.

APHCD has been essential in reducing the number of homeless in our community. This organization was the first transitional housing provider. I knew after we closed Camp Boondoggle in 2006 that, in order to help a homeless person be self-sufficient, there needs to be a major link for supportive housing services.

In 2010, we received federal stimulus funds, which enabled APHCD to acquire a duplex and house, fully renovated, for only one dollar each. The requirement for these funds was to provide

case-managed/supportive housing to the residents in these housing units. We are the only housing provider with this service in Albany and are pleased we can increase the units available as the need in our community has risen. Our APHCD staff and board are very dedicated in providing this service to the community. Supportive services is not for everyone, but we and many local social service agencies can all agree there needs to be more supportive housing services.

APHCD is well known among Albany social service agencies. We are a major piece of serving the homeless and low-income individuals and families in Albany. I am proud and grateful of our City in the support of this valuable community service.

Challenges for a non-profit tax-credit affordable housing project:

Rent limits.

Community Development Corporation (CDC) affordable housing projects are limited as to how much they can charge a tenant for rent. A for-profit property owner can charge market rate rents for their properties or even above market rate if the consumer will support the rents. Non-profit CDC's must base their rent on a tenant's income and on the median income for the county, less utilities and tax credit pass-through requirements.

When a project is proposed to be built, the proforma identifies the local income and what the market will support. APHCD projected when its properties were built that incomes would be 50-60% of the median income. As the poverty rate has risen in our area, we are serving more tenants at 30% or below median income level, which brings in less revenue to operate and save for building rehab. The proformas often do not take into consideration rising expenses or increasing poverty.

All properties have equity but cannot afford more debt due to rent limits.

The portfolio of APHCD properties has significant equity, but the low-income rent limits make it challenging for each property to create cash flow, except at Parkside and the Life Skills houses, where we have no mortgage.

Example: ParkRose has two historic homes and five duplexes, plus a single ADA accessible unit. The mortgage balance on Parkrose is $225,000 and the property is valued at almost $1 million. This property has equity, but cannot afford more debt. Only $100 a month is placed in capital reserves for repairs needed for the 13 units.

APHCD properties endure additional costs compared to for-profit rentals.

APHCD properties are monitored by the state. The only other non-profit multi-family properties that are monitored by the state are Linn-Benton Housing Authority's senior housing and Woodwind Apartments, which are workforce housing. APHCD mostly serves families, seniors, and people with special needs.

Properties monitored by the state have higher costs than for-profit multi-family units. Oregon Housing and Community Services and our tax credit mortgage company require compliance reporting each year. All tenants have to be income certified to qualify for our housing. Fees from the state and mortgager are charged to the properties for these reports. Songbird Village

monitoring fees alone cost $2,700 last year. This makes for additional administrative duties and staffing costs to complete the compliance reports. Also, the properties require full accounting audits. Songbird Village's audit averages $6,000 to $8,000 per year. The state and tax-credit mortgager make physical inspections of the properties each year. No other housing providers in Albany, other than the two stated above, are inspected by the state or even at the local level. This compliance monitoring is to ensure that tenants have safe, affordable housing.

Low-Income Housing Tax Credit "Pass-Throughs".

As a recipient of low-income housing tax credits, the amount received to lower the interest rate on a mortgage must be passed on to the tenant. For example, every year at Songbird Village, the agency must apply an additional reduction on tenants' rents totaling $32,000 a year. Periwinkle Place must reduce their rents by $17,000.

Tax credit pass-throughs are a wonderful tool in developing affordable housing and are great for the owners of the credits, but they are challenging for property owners because the further reduced rents make it challenging to create cash flow and be able to set aside reserves for repairs and replacements.

Good news for Albany:

The state is making changes to how tax credit pass-throughs are applied for rent reduction. This financially impacts the cash flow of three APHCD properties. APHCD has decided to apply our pass-through to seven units, instead of all the units. **This will provide seven rent-free units in Albany.** We have reached out to all social service agencies to seek a partnership in providing supportive case-managed services to residents for these units. Who else in Albany is providing free housing units to our local social service agencies?

The APHCD Properties

Parkside Court—40-unit multi-family complex on 24th Avenue.

Parkside Court has one of the lowest rents in Albany. This property is 45 years old and has good bones, but needs exterior and interior improvements. Parkside Court's mortgage was paid off a few years ago and the property must stay affordable until 2046. Over the past five months we have been able to rehab the exterior fronts of each of the buildings. Last fall, we replaced the roof and all siding on one of the buildings for $15,000. This property is on a 1.5-year plan to rehab all the buildings.

We have been transitioning interior improvements by eliminating carpeting to provide a healthier environment to the residents and to save on turnover costs.

Parkside Court is essential to the Sunrise Park neighborhood as it borders the south end of the park and the path that connects to Calapooia Middle School. This property is across the street from Calapooia Middle School and I have heard from staff members and neighbors about how pleased they are with the exterior improvements.

Songbird Village—48-unit multi-family complex at 21st Avenue and Lyon Street (off Marion Street).

Songbird Village was built in 2000 and must stay affordable until the year 2075. This property has a community center and playground. This property was poorly constructed, resulting in failing windows and building envelopes. A well-known local contractor has provided a bid for complete exterior rehab of $1.7 million. This property has significant equity, but payments to reserves are not enough to make the necessary repairs. The only solution to repair this property is to seek grants and develop a cost-effective repair strategy. (More details about needed repairs will be presented at the work session.)

Periwinkle Place—32 total units, 1700 block of Perwinkle Circle SE; all are manufactured homes except for two apartments over the community room.

Periwinkle Place is a small community complex that would be referred to today as a 'tiny house' concept. This property was built in 1995 and is desirable to seniors and has a low turnover rate. The open space in the middle of the complex is nicely set back from a busy street. There is a community room and playground. This property is walking distance to shopping.

One of our local Rotary clubs replaced the playground quite a few years ago and, sadly, replacement is needed again. Porches over the front doors were removed years ago and they need to be replaced. This property doesn't need any significant repairs.

ParkRose—13 units including two historic homes, one ADA accessible unit, and five townhouse duplexes, at 6th Avenue and Burkhart Street SE.

ParkRose was built in 1998. The historic homes were built in 1915. This property is desirable as it is across the street from Burkhart Park. APHCD offices are located on this property. ParkRose is the eyes and ears of Burkhart Park, as staff have reported situations to the police over the years. ParkRose had the same contractor as Songbird and has the same defects. About 10 years ago, the southern exteriors were replaced. We now are experiencing damages to the west side of the buildings and repairs are needed. The roof of one of the historic homes roof needed to be replaced in December. The roofs for all other units need replacing and the historic home needs painting and a back porch built. In addition, a few units were severely damaged recently by tenants, leaving the agency with excessive repair expenses.

ParkRose is visible from Santiam Road and the fence that borders the road needs replacing. There is a large grass area along the property which is the City's right of way and the fence is ParkRose's. This is the property's second fence; it continually gets vandalized. A more durable fence is needed for this property. Improvements are needed to the garages and the back patios need screening.

This property has sufficient equity, but not enough cash flow to carry more debt; the only option is to seek grants. Once the mortgage is paid, it will have the funds for reserves.

Life Skills Housing—3 units: Geary Street House and Oak Street Duplex

APHCD is proud to provide permanent supportive housing. We are Albany's only case-managed non-profit affordable housing provider. We serve residents who are homeless and provide support to increase their life skills. This is a service that is effective in moving a person toward

becoming self-sufficient. Yet, there is a dire need to increase this type of service in our community. This service would not be feasible without the free housing we received from stimulus funds. Our Housing Services Manager provides support services to all of our properties. Currently, 44 residents are receiving services.

SK:hr
c: Wes Hare, City Manager
Jeff Blaine, P.E., Public Works Engineering and Community Development Director

TO: Albany City Council

VIA: Wes Hare, City Manager
Jeff Blaine, P.E., Public Works Engineering and Community Development Director JB

FROM: Bob Richardson, Planning Manager RAR

DATE: February 17, 2016 for the February 22, 2016 City Council Work Session

SUBJECT: Housing Fund

RELATES TO STRATEGIC PLAN THEME: • Great Neighborhoods

Action Requested:

Staff requests direction from Council on how to disperse the balance in the Housing Fund.

Discussion:

The Housing Fund consists of repaid housing rehabilitation loans made with Community Development Block Grant (CDBG) funds. Albany received the initial funds through the State of Oregon in the 1980s and 1990s, and received the final loan repayment in the late 1990s. The Housing Fund balance is currently $282,818.

The Department of Housing and Urban Development (HUD) considers these funds to be "program income" subject to federal and state CDBG program requirements. Oregon's CDBG regulations require that program income either be repaid to the State, or used to continue the original activity from which the income was derived, unless the State approves an application to use the money for other CDBG-eligible activities.

Staff recently contacted the State to discuss the application process for using funds for activities other than housing rehabilitation. During this conversation, staff learned that the State has no record of Albany's remaining program income, and that a few years ago they directed other entities with program income to disperse it to eligible subrecipients that would continue a housing rehabilitation program or operate a food bank. (This decision was prompted by federal regulatory changes that increased the complexity of the use and reporting requirements of program income.) In December 2015, the State directed Albany to disperse the remaining program income in the same manner. This will de-federalize the repaid loan funds in accordance with federal program requirements, and remove many tracking and reporting requirements.

Staff's goal is to distribute funds prior to June 30, 2016. The agencies listed below were identified as eligible subrecipients (non-profit or tax-exempt entities) that would use the funds as directed. The Community Services Consortium (CSC) is also an eligible recipient, but is not listed below because their staff elected to *decline consideration of these grant funds,* acknowledging the needs of the other agencies. The City will continue to partner with the CSC through current CDBG programs.

1. Albany Partnership for Housing and Community Development (Partnership). The Partnership is a non-profit community development corporation, established in 1992 following a City task force recommendation to develop a non-profit housing agency. Bylaws require City representatives to serve on the Board. The Partnership owns and

manages 136 affordable housing units that primarily rent to residents earning 60 percent of the median family income and includes 10 transitional "life skills program" units. *Attachment A specifies how the Partnership would use a grant from the Housing Fund.*

2. Linn-Benton Housing Authority (LBHA). In addition to providing Section 8 rental assistance, LBHA manages and develops affordable housing in Linn and Benton counties. LBHA focuses on underserved segments of the housing market such as rental housing for seniors and citizens with special needs. *Attachment B specifies how LBHA would use a grant from the Housing Fund.*

Representatives from the Partnership and LBHA will be at the work session to provide information about their proposals and answer any questions you may have. Following discussion, staff requests that Council provide direction on how to proceed. Based on the provided options, Council could select a single agency to receive the funds, or split the funds at a specified percentage between the two agencies.

Budget Impact:

The proposed action will deplete reserves as directed by the state.

ac:rk
Attachments

Housing Fund Use: Prioritized Rehabilitation Needs

APHCD would use the City's housing funds to begin rehabilitation of Songbird Village's exteriors to prevent further damage to the units and ensure the interiors remain in good condition. Specifically, APHCD will:

- Hire a contractor to fully repair one building to include roof and complete envelope replacement as needed. Repairing one building will give the agency a better estimate of the costs to complete the work on the other buildings.
- One building's roof was replaced last month for $11,000, not including skylights. Roof repairs would also include repairing any structural damage identified during reroofing.
- The bid estimate to replace stairs and landings was $80,000.
- Remaining funds would be used to replace roofs and stairs and landings at Songbird.
- Zero funds will be spent on administration. 100% will be for materials and labor for building repairs.

What will these dollars leverage?

- Once APHCD knows the true costs for rehabilitating one building, this will put the agency in a better position to seek grants from other agencies. APHCD would also be in a position to apply for very limited low-income housing "preservation" funds the state makes available from time to time, but these funds are very competitive.
- The City's financial support will greatly help APHCD leverage other funds and can be used as match.
- The Housing Fund grant for low-income long-term affordable rental housing will help preserve essential affordable housing in our community as this property is owned by a community non-profit.
- APHCD will strive to rehab these buildings in the most cost effective manner to stretch out the dollars.

Rehabilitation Project Timeline

- Because the scope of these repairs has already been prepared by an engineer, APHCD will secure additional bids and hire a contractor to begin work immediately on repairing one building, hoping to complete work this spring.
- APHCD would simultaneously line up the roofing contractor to begin roof repairs once the remaining balance is known, with an estimate of completing all work within 6 months.

LINN-BENTON HOUSING AUTHORITY
1250 QUEEN AVE SE, ALBANY OR 97322

Albany City Council, February 10, 2016

Thank you for the opportunity to be considered for funding to support our afforded housing property.

The Cottage Creek apartments are located in Albany Oregon along the Periwinkle Creek. Developed in 1998 by Linn-Benton Housing Authority, the property received awards for its innovation in Affordable Housing. The property consists of one four-plex of studio apartments, Three 2 bedroom cottages and one eight-plex of studio apartments. The studio apartments have resident community rooms that provide cooking facilities, food storage, laundry and living space. This space is essential to the residents to compensate for the small studio units with limited living, cooking and storage space. The community rooms are solely for use by residents and not available to the general public. Without the community rooms, the residents would not have adequate facilities for basic essential needs.

The property was designed to serve seniors with mobility impairments, persons needing a live-in provider and persons with psychiatric disabilities. The property is regularly fully leased and there is a waiting list of individuals wanting/needing to live in these units.

Over the years there has been a lot of wear and tear on the community rooms due to regular on-going use by the residents. Flooring, appliances, counter tops, etc. are in dire need of replacement. In the past the property had a replacement/repair reserve, however most of those funds were unexpectedly used to make extensive repairs to the creek bank to prevent and correct erosion and further damage to the units closest to the creek.

In addition to the needs of the community rooms, the property requires additional preventive remedies for the ongoing bank erosion issues. Again, funding is not available to address these needs. Several trees along the Creekside pose a potential hazard of falling onto the apartment buildings causing severe damage and funding for this purpose is needed as well.

Opportunity to increase the rents to create a reserve is not an option due to the rent cap regulations tied to some of the funding sources.

We believe the property provides essential Affordable housing to specific need groups in the community and with adequate repairs and replacements, it will continue to serve residents in desperate need of housing for years to come.

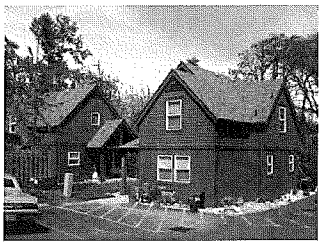
Linn-Benton Housing Authority is dedicated to continuing the efforts of providing affordable housing in our community.

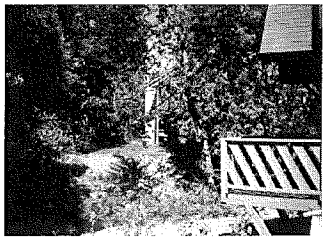
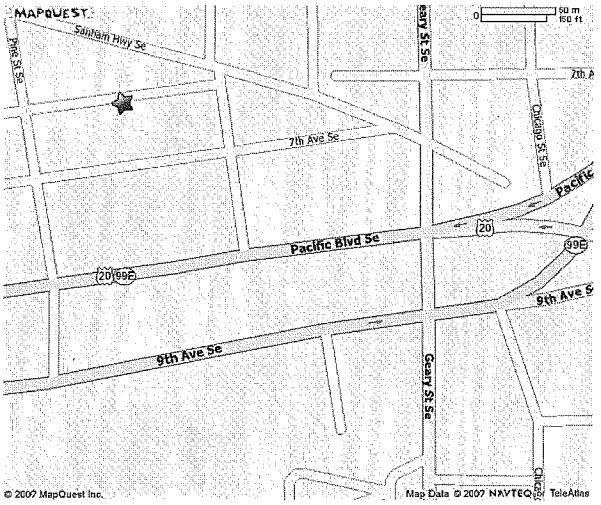
Most sincerely,

Donna Holt
Executive Director
Linn-Benton Housing Authority

LINN-BENTON HOUSING AUTHORITY
1250 QUEEN AVE SE, ALBANY OR 97322

Development Name:	Cottage Creek
Date Developed:	1998
Population Served:	Seniors with mobility impairments Persons needing a live-in care provider Persons with psychiatric disabilities
Income Restriction:	50% of AMI or Less
Unit Mix:	One four-plex of studio apartments Three 2-bedroom cottages One eight-plex of studio apartments



AMENITIES	SPECIAL INTEREST	FUNDING
Three building types. Three community rooms. On-site laundry.	Cottage Creek was awarded NAHRO's National Award of Excellence for Program Innovation in Affordable Housing. Cottage Creek also received the Governor's livability award.	HOME Grant. Senior & Disabled Bond Loan Fund. Opportunity Purchase Program. Oregon Affordable Housing Tax Credit.