

Memo

DATE: 10/08/2021

TO: Gary Milliman, City Manager Pro Tem

FROM: Bill Molnar, Community Development Director

RE: Use of City Parking Lots for affordable housing.

The organization Housing Now has requested to present a conceptual housing proposal to the City Council. This concept involves the development of airspace above the City owned parking structure on Hargadine Street. Given the City has previously considered such proposals for use of City property to assist in the development of affordable housing we would like to share with you a brief history and timeline regarding a similar proposal for the development of the Hargadine Parking Structure in 2003.

In 2003 a local developer, Allan Sandler, submitted a formal request to the City to enter into an agreement with him to develop approximately 20 affordable housing units over the Hargadine Parking Structure. Upon review of the request, and the City Council directed Staff and the Housing Commission to evaluate housing opportunities over all city parking lots within the downtown area, and structure a process for considering housing opportunities at several locations, not just the Hargadine Parking Structure. The result of this evaluation was the selection of a 13-space parking lot the City owned parking lot on Lithia Way that was owned by the City, as the pilot location for the development airspace above a City owned parking lot as affordable housing. The timeline of this process is provided below and shows the steps taken to solicit proposals and negotiate the terms of development of the property. Unfortunately, after nearly four years of solicitation, negotiation, and the execution of a development agreement, the development did not go forward, and the Lithia Way parking lot was subsequently sold to a private buyer. The funds from the sale of this surplus City property assisted in the purchase of property on Clay Street which was ultimately developed as affordable housing.

Timeline

Nov 4, 2003

City Council Regular Meeting

City Council reviewed a proposal by Mr. Allan Sandler to purchase airspace above the Hargadine Parking Structure to develop a 20 units affordable housing project. The City Council approved a motion to refer the request of Mr. Sandler to the Housing Commission and request that the Housing Commission provide a recommendation on the request, or perhaps a recommendation on the RFP Process.



Nov 19, 2003

Housing Commission Regular Meeting

The Housing Commission was presented with Mr. Sandler's proposal. The commission voted 3-2 to recommend using a Request for Proposals (RFP) process to evaluate development proposals for the Hargadine Structure.

January 28, 2004

Housing Commission Regular Meeting

Use of airspace above public parking lots for affordable housing was discussed by the Housing Commission. At this meeting a discussion draft Request for Proposals (RFP) was presented for soliciting such proposals to develop affordable housing above the Hargadine Structure.

February 25th 2004 , March 17th 2004, & April 28th 2004

Housing Commission Regular Meetings

The Housing Commission discussed *Hargadine RFP/RFQ*. And made the final determination that the draft RFP be modified to encourage projects that have a period of affordability of not less than 40 years under lease or buy back provision, and that proposals benefiting households earning less than 80 percent of median income be considered.

May 26th 2004 & June 23rd 2004

Housing Commission Regular Meetings

Allan Sandler, withdrew his request to develop the area above the parking garage on Hargadine Street and requested the City consider switching the RFP to developing the Pioneer/Lithia Way parking lot area for affordable housing. This withdrawal was due in large part to concerns over the maximum floor area and definitions of a story or building height within the downtown that could complicate the development above the Hargadine Parking Structure as Mr. Sandler had proposed.

The Housing Commission deliberated the development of housing above Pioneer requested the Council re-consider the alternative development of the Pioneer Lot as Mr. Sandler had proposed, further stating that the concept [of developing above city parking lots] has merit. "We are in favor of anything that can be used to promote affordable housing in Ashland, and in particular downtown the concept of using public parking for leverage".

August 17th 2004 & September 21 2004

City Council Regular Meeting

Staff modified the proposed RFP to eliminate the Hargadine Lot from consideration, and included the Pioneer Lot, Lithia way lot, and Second Street lot as potential sites for affordable housing developments. The Housing Commission's recommendations to state a period of affordability (40 years), the income targets (80% AMI) and a provision for lease or buyback option were incorporated into the Draft RFP.

The Council reviewed the revised RFP and staff responses to concerns outlined by Councilors on August 17th, and approved the issuance of an RFP for rental units above the Lithia Lot (excluding the Hargadine Lot and the Pioneer Lot from consideration at the time). The Council directed that the RFP should stipulate an expected level of affordability at 80% AMI at the minimum, a 40-year term of affordability, and a minimal loss of parking spaces. Additionally, it was clarified that at the end of the determined term, the development would revert back to City ownership.



RFP Issuance Evaluation History

December 23, 2004

Following a review and modifications suggested by the Legal Department the Request for Proposals for development of the Lithia Lot was issued.

The RFP provided the following indication of the type of project solicited:

The City is seeking proposals that would develop and manage affordable housing with provisions for the City to regain ownership at the conclusion of the proposed period of affordability. The City Council has further identified that proposals should aim to provide rental housing units for a minimum 40-year period, to households earning at or below 80% or less of the area median income. The City Council has expressed that proposals for development of this site that do not meet these specific requirements will still be accepted and considered.

The RFP stated that “proposals would be reviewed and evaluated by the Housing Commission for recommendations to be forwarded to the City Council.

Four proposals were received by the RFP deadline.

RFP Proposal Evaluation History

March 30, 2005, April 27, 2005, May 25, 2005, June 13, 2005

Housing Commission Regular Meeting

Housing Commission Review of Proposals.

Applicant presentations were heard by the Commission. The Housing Commission recommended to Council that the Housing Authority of Jackson County Proposal be selected contingent upon their maintaining the maximum number of parking spaces allowed.

August 2, 2005

City Council Regular Meeting

Kendrick Enterprises Proposal was selected by City Council and Staff was directed to negotiate a developer agreement.

December 19, 2006

A “*Development Agreement for the Development of the City of Ashland Lithia Parking Lot Affordable Housing Development*” was approved between Kendrick Enterprises and ACCESS Inc, to develop sixteen units of underground parking, 6000 square feet of commercial space, ten low income affordable housing units and three market-rate housing units, upon the property.

January 2007- October 2007

Kendrick Enterprises and ACCESS Inc pursued State HOME Funding to finance the affordable housing portion of the development, worked on the architectural design, and negotiated with the City regarding the disposition of assets after the term of affordability concluded. Unfortunately, ACCESS and Kendrick Enterprises were not able to reach agreement or secure the subsidy needed and as such could not move forward with the development.

October 2, 2007

City Council Meeting

City Council rescinded the offered development agreement for the Lithia Lot.



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CITY OF ASHLAND
GARY MILLIMAN, CITY MANAGER PRO TEM
MEMORANDUM

TO: Mayor and City Council

DATE: October 13, 2021

SUBJECT: Hargadine Garage / OSF

Last week I meet with the management at Oregon Shakespeare Festival (OSF) and they expressed their continuing interest in the space above the Hargadine garage for development of workforce housing. I have confirmed that there is a 2000 agreement between OSF and the City which provides that OSF has six months to make a counterproposal if a proposal for development above the garage is received.

AGENDA ITEM: Affordable Housing

FROM: Brian Gassman, Ashland Housing Now and Robert Kendrick

CONTACT: ingeosight@gmail.com, bob213@icloud.com

POLICIES, PLANS & GOALS:

Ashland Housing Now has met with the following people below and they have all expressed support for affordable and workforce housing on top of the Hargadine garage. Today we want to explain our goal and how it can become a reality.

Major Julie Akins, Councilor Paula Hyatt, Councilor Tonya Graham, Councilor Shawn Moran, Councilor Stefani Seffinger, Councilor Gina DuQuenne, Councilor Stephen Jensen, Director of OSF Ted DeLong, Rogue Retreat, Options for Helping Residents of Ashland (OHRA), Ashland Housing Commission and Community Development (AHCCD), Newman Group

PREVIOUS COUNCIL ACTION: (For Gina)

BACKGROUND AND ADDITIONAL INFORMATION:

Over the last 2 years, Ashland Housing Now (AHN) has been demonstrating the need for housing for all as a fundamental human right. Our group has firsthand experience in working with disenfranchised and displaced workers. We know this community is sleeping on couches, sleeping in cars and trying to hold onto a possibility of not just working here but having a home to come home to after a day of work. But the reality is people get burnt out and they move out. The personal impact this has goes beyond the personal hardships experienced by a person that did everything they could yet remain feeling a sense of failure for not finding housing. It also has a social impact that is often times felt in the form of a member of a family or friend group losing a vital member of their support network. The unforeseen economic impact of workers not having housing available at this moment has resulted in businesses not being allowed to operate in a normal fashion as they are finding themselves short on workers because the workers have nowhere to live in the city.

AHN's focus on the Hargadine Garage brings attention to the dire condition the city is facing in housing people, both "equitably and equally". The intent was to get those in the position of power, the City Council and the general population at large, involved and help attack this problem. Is there a will to build apartments for people who need it, or do we just not care? If we can build only 70 apartments in 12 years BUT a couple hundred and counting \$1/2-\$1M dollar homes what does that say about the future of the community, and about ourselves? Shouldn't we be asking ourselves the question of what does this community want to look like because it's being answered very clearly, isn't it?

The housing problem has been going on for over a decade. Recently, since the Almeda Fire and the Covid pandemic, the apartment housing situation has only worsened and essentially caused many businesses to shut their doors because there are no workers. We may all know a shop or restaurant that has closed, and the sad truth is, there will be more, because there is no will to turn this critical situation around. What we are witnessing is a city dying before our eyes "wide open" because a much-overlooked population that works in our restaurants, theatres, coffee shops, book shops, gas stations etc., whom all provide essential services to the city, cannot afford to live here nor find housing anywhere between Ashland and White City. Everyone is moving to Grants Pass and beyond the borders of the State of Oregon.

The first step in addressing the issue around the lack of, or total absence of essential workforce and affordable housing, is for the city of Ashland to invest in the future of Ashland and make a statement; that the perpetually uncaring, unmet demand for housing; and the economic and social impact on people trying to live and make a living but denied that opportunity, has to end. And because the Hargadine Garage is City owned, we think the City could recognize that the ongoing disregard and disrespect for this vital population must end now -- by housing these folks on the top of the Hargadine Garage.

By granting property to Ashland Community Land Trust (ashclt.org) to hold in trust, the comeback can begin. The CLT will maintain an interest in the maintenance of the structures and property. If the owner-tenant chooses to sell, the CLT retains the right to repurchase the structures for an agreed-upon formula, so an equity interest can be transferred to the new tenant. The remaining equity stays with the CLT, and the tenant equity units are re-sold at below-market rates in perpetuity. Typically, the cost of the land is forever retained within the trust, but in this case the equity will be in the leasehold since the development will be using only the air rights to the City owned garage/land. In the future, as the CLT develops other projects in fee-simple developments, the CLT will be removing land from the market and holding it in perpetuity. A CLT buffers its housing and other land uses from the volatility of economic, environmental, and political crises that often disproportionately impact low-income residents. Likewise, CLTs preserve affordability and access when rising rents and home prices in hot markets threaten the stability of vulnerable families. The parking lot cooperative development will serve as a flagship development in the heart of a city which is struggling to survive due to lack of affordable housing for workforce employees. It should be noted this is only a beginning and we have a very long way to go.

REQUEST: To move our goals to the next level and affect the needed housing with the “first start development” over the Hargadine Garage, we request the City Council to demonstrate their support and move this to the next level. We understand that at this time it’s not realistic for the Council to approve the use of the Garage, but we would like to get the Councils approval to give our request a green light in the form of a Memorandum of Understanding (MOU), that will outline our common goals and where we want to go. Attached is a first start rough draft that outlines the basic principles of our goals and with help from City legal staff we can develop a more formal MOU and move the need expressed by Ashland Housing Now forward.

FISCAL IMPACTS:

The project will positively affect the local business community by providing essential service workers to serve our tourist industry and the spinoff revenue of real estate tax, food and logging tax, and income tax revenue, just to mention a few.

STAFF RECOMMENDATION: (for Tonya)

ACTIONS, OPTIONS AND POTENTIAL MOTIONS:

Memorandum of Understanding (MOU) - Exhibit A

REFERENCES AND ATTACHMENTS:

EXHIBIT A

Memorandum of Understanding

1. Parties: *Ashland Housing Now and the City of Ashland.
Ashland Housing Now shall be referred to as “AHN” and City of Ashland as “CA”.
2. Purpose: Discuss and negotiate the development of Affordable Housing on City property, including the cost of planning, design, construction, and City Housing Program Specialist support. The predevelopment cost and completion of project could be funded with help, via CDBG funds, grants, CA owned land, or other sources available through the CA. AHN and CA will discuss the various source of funding, work toward obtaining funding and the outline of a long-term lease with the CA and AHN, with the property being help as affordable housing under a land trust that will be providing equity ownership interest to occupants.
3. Location: Above the Hargadine Garage in downtown Ashland.
4. Objective: AHN and CA will do the following in their effort to develop affordable housing on the Hargadine Garage.
 - a. AHN will- First submit a plan for site plan review.
 - b. Second, AHN will develop a preliminary cost and income and expense analysis.
 - c. Third, AHN and CA will meet and discuss the financing opportunities for the development of the project.
 - d. AHN and CA will review opportunities available to fund the development as noted under No 2, herein.
5. Term: This Memorandum shall be for a period from the date first signed and remain in effect for no longer that one year, with extensions by mutual consent.
6. Termination: The MOU may be terminated, without cause by either party upon a 90 Day written notice.
7. Assignability: AHN will be forming a Land Trust and reserves the right to grant and assign this MOU, or any revised and acknowledged MOU to the new entity which will be formed as a Land Trust.
8. General Provisions: Either party may request changes to this MOU. Any changes, modifications, revisions, or amendments to this MOU which are mutually agreed upon by and between the parties to this MOU shall be incorporated by written instrument, and effective when executed and signed by all parties to this MOU.

9. Signatures. In witness hereof, the parties to this MOU through their duly authorized representatives have executed this MOU on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU as set forth herein.

The effective date of this MOU is the date of the signature last affixed to this page.

City of Ashland

[Name and Title]

Date

Ashland Housing Now

[Name and Title]

Date

[Name and Title]

Date

*Ashland Housing Now will be in the process of forming a Land Trust entity, and name change.