

LEBANON CITY COUNCIL
Work Session Minutes
Housing Production Strategy – Financial Incentives
May 24, 2023

City Council Present: Mayor Kenneth E. Jackola, Councilors Wayne Dykstra (Zoom), Carl Mann, Jeremy Salvage, Michelle Steinhebel, Kim Ullfers and Dave Workman

Staff Present: City Attorney Tre Kennedy, City Manager Nancy Brewer, Deputy City Recorder Donna Trippett, Community Development Director Kelly Hart (Zoom) and IT Director Brent Hurst

Consultants Present: Rachel Cotton and Jamin Kimmell from Cascadia Partners

Mayor Jackola called the work session to order at 12:00 p.m.

Community Development Director Hart gave a presentation [available in the Council packet] on Housing Production Strategy – Financial Incentives. It included an overview, development incentives, land-based strategies, and public projects and resources.

Councilor Dykstra asked whether developers are waiting for a tax abatement program, since he has heard that development has stopped. Hart explained that the program is geared towards income-restricted housing projects for extremely low and low-income households. Construction in Lebanon and the State has not stopped, but it has slowed down due to inflation, construction costs, workforce shortages and manufacturing pipeline issues.

Hart confirmed for Councilor Salvage that property taxes for a low-income apartment complex are substantially lower than one that is not because of federal tax incentives. She explained that the City would choose how the program is developed. Tax abatement programs are usually restricted to extremely low and low-income households, or it can be given for desired housing types. Since there are already tools to help the market rate, the suggestion would be to gear this program more towards the affordable side. With this level of restricted units, there will need to be a level of federal tax credit program. The City's contribution would be smaller, but a local contribution would help with competitive tax program scoring.

Mr. Kimmell said that another distinction is that the local program would be most useful for incentivizing the private market developers to include income-restricted units. They may also apply for the federal low-income housing tax credits. They would not automatically get the type of property tax relief that nonprofit housing developers get.

Hart said that if Council accepts all the items, they will be included in the Housing Production Strategy and will dictate how the City moves forward over the next eight years. This, along with the Land Use Strategies, will complete it. The next step will be to finish the document and bring it back for adoption.

There was discussion about the tax abatement program and its impacts. Several Councilors expressed concern that this would bring in more people with less income, have a higher toll on infrastructure, and an increase in basic services.

Hart confirmed for Councilor Salvage that adoption of the document does not mean that the City is going forward with a tax abatement program. It just means that Council is willing to have that conversation and do an evaluation of a program.

Mr. Kimmell reiterated that this is not a commitment to implement a tax abatement program. He added that tax abatement programs offer a lot of flexibility. Another option is that the City can limit the number of projects or the total amount of property tax revenue that it would abate in any given year which would limit the potential fiscal impact of the program.

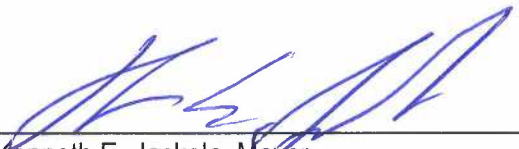
There was Council consensus to accept the Housing Production Strategy and bring a finalized document back for adoption this summer.

ADJOURNMENT

Mayor Jackola adjourned the work session at 12:42 p.m.

[Minutes prepared by Donna Trippett]

Minutes Approved by the Lebanon City Council on
this 14th day of June 2023



Kenneth E. Jackola, Mayor ☒
Michelle Steinhebel, Council President ☐

ATTESTED:



Donna Trippett, Deputy City Recorder