



November 21, 2024

Deschutes County Board of Commissioners
1300 NW Wall Street
Bend, Oregon 97703

Dear County Commissioners,

On March 29, 2024, City of La Pine staff presented to the Board of County Commissioners that the City would be considering a Low-Income Rental Housing Tax Exemption to support existing and planned affordable housing developments. Oregon's legislature enacted the Low-Income Rental Housing Tax Exemption in 1985 (ORS 307.515 – 307.523) to benefit low-income renters by easing property tax burden on those organizations providing affordable rental housing. The City Council adopted by resolution its "Policy on Low-Income Rental Housing Tax Exemption" under La Pine Resolution No. 2023-09, "A RESOLUTION OF THE LA PINE CITY COUCIL ADOPTING THE PROVISINS OF OREGON REVISED STATUTE 307.515 TO 307.523 ALLOWING PROPERTY TAX EXEMPTION FOR LOW-INCOME RENTAL HOUSING" with applications being eligible for exemptions for tax years beginning on or after July 1, 2023. Under La Pine Resolution 2023-09, an organization meeting the criteria for exemption under the "Policy on Low-Income Rental Housing Tax Exemption", and ORS 307.515 to ORS 307.523, may apply for a property tax exemption for affordable housing developments, including bare land holding intended to be developed into affordable housing which must commence construction within twelve months of the day of exemption approval provided by the City of La Pine and receive any and all final inspections for, public improvements, conformance with building, electrical, structural, or plumbing code and all other final occupancy certificates and be habitable no later than eighteen months from the day of exemption approval. The qualified housing must be limited to households at 60 percent Area Median Income (AMI) or less. If approved by 51 percent of the taxing districts, then the exemption applies to 100 percent of the property taxes.

The required Low-Income Rental Housing Tax Exemption application must be filed on or before March 1. Within 60 days of the applications filing, City Council must determine whether the applicant meets the requirements under La Pine Resolution 2023-09 and its associated policy. If the applicant meets the requirements, then the City will bring the property tax exemption before the County Assessor and certify the property is exempt from property taxation by the April 1 deadline pursuant to ORS 307.515 – 307.523.

The City of La Pine has received an application for a Low-Income Rental Housing Tax Exemption from La Pine Huntington Road Limited Partnership. The Partnership is a tax-exempt entity as its managing general partner is EngAGE La Pine LLC, whose sole member/manager is EngAGE Northwest, an Oregon 501(c)3 non-profit corporation. The Partnership is currently under construction on a low-income tax credit project comprised of 60 family units of unit sizes between 1 and 3 bedrooms and AMI levels of 60%. On March 27, 2024, the City of La Pine approved Resolution No. 2024-01, providing conditional approval of the Low-Income Rental Housing Tax Exemption from La Pine Huntington Road Limited Partnership.

This project is estimated to receive a total 20-year tax exemption of approximately \$2,223,282 based on an estimated building value of \$12.8 million. Total tax collection for the 20-year exemption period of the site will be about \$58,255 if the project is not constructed. The table below demonstrates the tax collection that would take place on the

site in year 21, after the exemption period in both a no-build and build scenario of the project. The table demonstrates the tax benefits to all districts starting in Year 21 if this project is approved and moves forward.

Forecasted Tax Collection by Taxing District in Year 20

Taxing District	% of Tax Levy*	No Project is Built	Proposed Project is Built
Deschutes County	7.7%	\$ 293	\$ 8,808
Countywide Law Enforcement	7.5%	287	8,613
Rural Law Enforcement	9.4%	356	10,679
County Extension/4H	0.1%	5	155
9-1-1	2.2%	83	2,494
Deschutes County Total	26.9%	1,024	30,748
Bend La Pine School District**	40.0%	1,520	45,630
City of La Pine	20.1%	765	22,971
C O C C	4.3%	163	4,898
County Library	5.4%	205	6,144
Dept of Forestry Fire Patrol	0.9%	33	987
High Desert ESD**	0.6%	22	665
La Pine Park & Recreation	1.8%	69	2,067
Other District Total	73.1%	2,778	83,363
Grand Total	100.0%	\$ 3,802	\$ 148,888

*These tax collection percentages include division of taxes and local levies.

****The Bend/La Pine School District and the High Desert Education Service District are funded through per pupil allocations from the State School Fund which is comprised of many sources, including property tax revenues. The State Legislature sets the per pupil allocations and funds the State School Fund accordingly. Therefore, tax exemptions have an "indirect" impact on the funding for local districts. Tax exemptions throughout the state all have an impact on the State School Fund.

EngAGE Northwest is an organization specializing in creating community for all ages through their intergenerational and art-focused programming in affordable housing projects and beyond. EngAGE Northwest takes a whole-person approach to creative, healthy living by providing high quality arts, wellness, and lifelong learning programs to residents of all ages in affordable housing communities. Classes are professionally led and complemented by community-building activities and celebrations as well as intergenerational connections.

EngAGE Northwest was founded in 2016 after community members and local developers sought to bring the award-winning resident services model created by EngAGE, Inc. (southern California), to the Pacific Northwest. EngAGE was founded in 1999 and is consistently recognized as a leader in the arts, intergenerational programs, and community-building work. EngAGE serves thousands of residents of all ages. The project will have ongoing resident services offered by the local organizations NeighborImpact and LaPino Community Association.

Danco Communities, the administrative general partner for La Pine Huntington Road Limited Partnership, is based in Humboldt County CA, and was started in 1986 as a small construction company. Over time the business grew to encompass development, construction, and property management. Danco Communities has been developing affordable housing projects for almost 20 years, which started from the local need for affordable housing in the North Coast region.

Danco has since completed over 1500 affordable units and maintained a great majority under property management. It is Danco Communities' mission to bring safe, affordable, and inspiring housing to our communities.

The Partnership requests the Board of County Commissioner's support for its Low-Income Rental Housing Tax Exemption application. All funds not paid in taxes will benefit low-income renters by maintaining low rents, resident services and property maintenance.

Please let me know when the Partnership may be able to make such a request to the Board. If you have any further questions, don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoff Wullschlager". The signature is fluid and cursive, with the first name "Geoff" being more prominent.

Geoff Wullschlager
City Manager
City of La Pine