



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

February 26, 2018

5:30 p.m. CITY COUNCIL WORK SESSION
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401

Meeting of February 26, 2018;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Mike Clark, President
Greg Evans
Emily Semple
Jennifer Yeh

Betty Taylor, Vice President
Chris Pryor
Claire Syrett
Alan Zelenka

5:30 p.m. CITY COUNCIL WORK SESSION
Harris Hall, 125 East 8th Avenue

- A. Committee Reports and Items of Interest**
- B. WORK SESSION: Railroad Quiet Zone and Safety Improvement Project Funding Strategy**

***City Council President:** I move to direct the City Manager to include funding for the safety improvements for the seven west end rail crossings and the additional fencing in the FY19 budget from a combination of Road Fund and General Fund (Marginal Beginning Working Capital).*

Call for vote.

- C. WORK SESSION: Housing Affordability and Missing Middle**

***City Council President:** Move to direct staff to return with ideas for potential actions to further housing affordability.*

Call for vote.

Adjourn.

February 26, 2018, Work Session

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

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or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Railroad Quiet Zone and Safety Improvement Project Funding Strategy

Meeting Date: February 26, 2018
Department: Public Works Engineering
www.eugene-or.gov

Agenda Item Number: B
Staff Contact: Mark Schoening
Contact Telephone Number: 541-682-5243

ISSUE STATEMENT

Several members of the City Council expressed concern with moving forward with the expansion of the Riverfront Urban Renewal District to include the High Street and Pearl Street rail crossings and funding the safety improvements at these crossings as part of a railroad quiet zone with RURD funds without identifying the funding source to fund the safety improvements at the seven west end rail crossings.

At this work session, the Council will receive information on a funding strategy for the seven west end rail crossings.

BACKGROUND

At the work session on March 9, 2015, City Council provided the following direction to staff: "...Pursue a Eugene railroad quiet zone approval with the Federal Railroad Administration using one-way streets and possible crossing closures as alternate supplemental safety measures as needed and direct staff to pursue sources of local funding."

In a memo to Mayor and City Council dated July 16, 2015, staff recommended the first phase of a city-wide railroad quiet zone include the 10 crossings from 8th/Hilyard to Van Buren.

At the Urban Renewal Agency Board meeting on May 13, 2015, the following two motions were passed:

- Motion to include the use of \$140,000 of RURD funds for the design of the relocation of the 8th Avenue crossing in the June supplemental budget.
- Motion to include the use of \$100,000 of RURD funds for design of the Quiet Zone in the June supplemental budget.

The Agency Board adopted a supplemental budget including funds for the design of the relocation of the 8th Avenue crossing and the design of the quiet zone at its June 22, 2015 meeting.

The Railroad Quiet Zone and Safety Improvement Project Report was transmitted to the Council with a memo dated December 7, 2016.

At the May 10, 2017, work session, the City Council received recommendations from the Citizen Panel on safety measures at each of the 10 rail crossings and a funding strategy to implement the safety measures. The council approved the recommended safety measures with the addition of a pedestrian gate at the Pearl Street rail crossing. The council did not take any action on the recommended funding strategy.

Citizen Panel Recommended Funding Strategy

The Citizen Panel reviewed a wide range of funding options to implement the safety measures needed to establish a railroad quiet zone. The Citizen Panel recommended a funding strategy that included funding the east end (Pearl Street, High Street, and 8th Avenue/Hilyard Street) with Riverfront Urban Renewal District funds and the west end (Lincoln Street, Lawrence Street, Washington Street, Jefferson Street, Madison Street, Monroe Street, and Van Buren Street) with funds from a general obligation bond. The funding of safety improvements at the rail crossings at Pearl Street and High Street would require amending the boundary of the Riverfront Urban Renewal District to include these two rail crossings.

Other Funding Sources

State Highway Fund/City Road Fund - The past state legislative session resulted in the passage of a bill that substantially increased the revenue to the State Highway Fund A portion of this new revenue is passed on to counties and cities. The anticipated revenue increase to the City of Eugene Road Fund for the current and subsequent three fiscal years is shown in the following table:

Fiscal Year	New Road Fund Revenue
FY18	\$1,000,000
FY19	\$2,000,000
FY20	\$3,400,000
FY21	\$3,400,000

The Road Fund may be used to fund the estimated \$3.6 million in safety improvements for the seven west end rail crossings, but may not be used to fund the estimated \$350,000 needed for additional fencing to close gaps in the fencing along the railroad right of way.

There are numerous other transportation programs that are not fully funded and that would benefit from this new revenue including:

Pavement Preservation – Annual funding of \$17 million is needed to meet the objective of eliminating the backlog of street reconstruction projects and preventing additional streets from falling into the reconstruction category. The program is currently funded at approximately \$12 million annually through a combination of the 2012 and 2017 street repair bond measures, local gas tax revenues, and the reimbursement component of transportation system development charges

Vision Zero – The Vision Zero Action Plan will be adopted by administrative order later this month. The cost of implementation is not known at this time.

Transportation System Plan Implementation Plan – City staff are developing an implementation plan for the TSP to achieve the Climate Recovery Ordinance as it relates to transportation. The cost of the implementation plan is not known at this time.

General Fund (Marginal Beginning Working Capital) – The Marginal Beginning Working Capital is the difference between the Beginning Working Capital estimate in the budget and the actual audited Beginning Working Capital. The adjustment is made on the Supplemental Budget in December of each year. The amount of the Fiscal Year 2018 adjustment was \$5 million and may vary significantly from year to year. This source of revenue has funded a variety of programs that are targeted, strategic investments towards making progress on Council priorities. In the past, this included additional funding for programs such as facility capital improvements, human services, downtown operations, and parks illegal camp clean up.

This source of revenue could fund the safety improvements at the seven west end rail crossings and the additional fencing.

RELATED CITY POLICIES

City Council Goals:

- Neighborhood Empowerment
 - o Redesign the neighborhood initiative to support the neighborhoods which includes public participation in the livability and protection of neighborhoods.

Envision Eugene Pillars:

- Protect, repair and enhance neighborhood livability.

Eugene Downtown Plan:

- Facilitate dense development in the courthouse area and other sites between the core of downtown and the river.
- Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.
- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Facilitate dense development in the courthouse area and other sites between the core of downtown and the river.

COUNCIL OPTIONS

The City Council may direct the City Manager to include funding for the safety improvements for the seven west end rail crossings and the additional fencing in the Fiscal Year 2019 budget from a combination of Road Fund and General Fund (Marginal Beginning Working Capital) or may direct the City Manager to not include funding in the Fiscal Year 2019 budget for the improvements.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends that the three east end rail crossings be funded with Riverfront Urban Renewal District. This would require expanding the RURD to include the Pearl Street and High Street rail crossings. Action on these two items would be made by the RURD Board.

The City Manager also recommends that the City Council direct the City Manager to include funding for the seven west end rail crossings and the additional fencing in the Fiscal Year 2019 budget from a combination of Road Fund and General Fund (Marginal Beginning Working Capital).

SUGGESTED MOTION

Move to direct the City Manager to include funding for the safety improvements for the seven west end rail crossings and the additional fencing in the FY19 budget from a combination of Road Fund and General Fund (Marginal Beginning Working Capital).

ATTACHMENTS

None

FOR MORE INFORMATION

Staff Contact: Mark Schoening
Telephone: 541-682-5243
Staff E-Mail: mark.a.schoening@ci.eugene.or.us

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Housing Affordability and Missing Middle Housing

Meeting Date: February 26, 2018
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: C
Staff Contact: Terri Harding
Contact Telephone Number: 541-682-5635

ISSUE STATEMENT

Housing affordability is a critically important issue for our community and many others around the country. In recent years more Eugeneans have struggled to afford housing, with over 40 percent of residents spending more than 30 percent of their household income on housing and utilities. While the City has taken many actions over time to address housing affordability, housing prices have increased rapidly following the Great Recession. This work session is an opportunity to review the City's adopted plans and goals related to housing affordability as well as current opportunities to address regulatory barriers and create additional incentives.

Around the country, communities are trying to address housing affordability issues through a combination of plans, strategies and actions. One strategy is to make small, compatible, and potentially more affordable forms of housing known as 'missing middle' types easier to build. The missing middle types in Eugene include secondary dwelling units, duplexes, triplexes, fourplexes, row houses, and cottage clusters. This work session will also explore the role missing middle housing types could play in helping to address housing affordability issues in Eugene.

BACKGROUND

Many factors affect the affordability of housing. In order to fully understand the problem, we need to continue to study the local housing market trends affecting affordability. In addition, we need to better understand the range of actions we can take that can impact affordability and the cost of housing over time.

Some of the key factors affecting affordability include income, characteristics of the existing housing supply, market trends, and availability of resources to subsidize housing. The supply and cost of land, our land use code, the cost of construction and interest rates affect the affordability of new housing. Eugene's need for housing that costs less than 30 percent of household income—the national standard of affordability—greatly outsizes the supply.

The attached Housing Affordability Infographic was prepared to illustrate some of these facts relating to current needs (Attachment A). Of particular note is that almost half (42 percent) of Eugene households can't afford the median rent of \$890 for a two-bedroom apartment. On the

supply side, there is a deficit—or unmet need—of 13,500 housing units that cost less than \$625 per month. At this point, it is estimated that only one in five households that qualify for housing subsidies actually receive it. These are examples of existing realities that affect thousands of people in our community. Similar to many other cities and regions, Eugene is struggling to address these needs with decreasing federal dollars and limited local funding options. Furthermore—over time, housing affordability has moved from an issue primarily affecting people with low incomes to one that also affects people with moderate incomes.

There are a number of efforts underway to explore new approaches to address housing affordability. Last year, the Housing Policy Board formed task teams to look at two aspects of affordability: expansion of funding for affordable housing and encouraging alternative housing types and financing mechanisms. The recently formed Better Housing Together coalition is organizing around the issue and actively discussing the role missing middle housing could play in offering solutions. The coalition is hosting a community forum on February 21 as a first step. Also, a University of Oregon architecture studio is studying how missing middle types could fit in to Eugene neighborhoods.

Missing middle housing types could offer savings in several ways. As an alternative to conventional detached, single family homes, missing middle homes are typically smaller in size, offer the potential to share walls and reduce construction and energy costs, and could add more housing options in places where services are already available. Small housing types have the potential to offer lower long-term maintenance costs, lower rents, an extra source of income for homeowners, and a lower point of entry for first time buyers. However, we have more to learn about how to achieve these potential benefits of missing middle housing.

The City has a range of important projects underway that relate to housing affordability. These efforts are summarized in the attached matrix (Attachment B). In addition to the City's long-standing subsidized housing program, the City is updating plans, policies and incentive programs that will have both short-term and long-term impacts on housing affordability. The items listed on the matrix are explained below under the following categories: Plans and Policies, Land Use Code and Regulatory Issues, and Incentives and Resources.

Plans and Policies

The Eugene-Springfield 2015 Consolidated Plan, adopted by Council in 2015, includes four primary strategies to expand affordable housing opportunities: (1) creation of new affordable housing units, (2) rehabilitation and preservation, (3) expansion of homeownership opportunities, and (4) removal of barriers. This plan prioritizes the most effective strategies for use of limited federal resources received by the City. The Consolidated Plan will be updated and brought to Council for adoption in 2020.

The second phase of the Envision Eugene Comprehensive Plan is also underway and slated to be adopted in 2019, which will define the City's policy on housing and other important topics. A third important policy document slated for adoption in 2019 is the River Road-Santa Clara Neighborhood Plan. The River Road-Santa Clara Plan presents a near-term opportunity to explore the missing middle conversation within a funded, high-priority community planning process that

will result in adopted policies and implementing actions. The council is scheduled to hold a work session on March 12 to hear about community outreach and next steps in the process.

Two other important, in-progress projects that can help address housing affordability are Urban Reserves planning and the Growth Monitoring Program. Establishing Urban Reserves involves planning for up to fifty years of future land supply. Consistent with the Envision Eugene pillars, our future land supply must be able to be affordably served and support other community values that intersect with affordability, like access to transportation, local services and amenities. The Growth Monitoring Program will monitor land consumption, housing characteristics and costs, and compare them to the assumptions made during adoption of the Urban Growth Boundary. Knowing how the City is growing will enable the City to adjust course fairly quickly in response to conditions in the community.

In addition to policies and programs aimed at addressing the cost of housing, council has recognized that local income levels also have an important role to play in housing affordability. While this work session does not address this topic directly, the Regional Prosperity Plan focuses on the dual goals of raising wages and reducing unemployment, both of which directly impact ability to afford housing. The City is taking many steps to support household prosperity and our local economy.

Some communities have created affordability strategies—or housing action plans—that tie their various plans, projects and programs together in one place. An example of a limited-scope, city-wide strategy is the City of Beaverton's [Housing Action Plan](#). A much larger effort was taken by the City of Seattle with their [Housing Affordability and Livability Agenda](#).

Land Use Code and Regulatory Issues

The City directs the type of housing that can be built, how it must be designed, and what permits are required through our adopted land use code. Some of the land use code standards and processes may present barriers to achieving the City's goal to expand affordable housing opportunities as outlined in the Consolidated Plan. Through several ongoing efforts, there is an opportunity to improve the land use code so that it better aligns with the community's vision and leads to an outcome of more residents living in affordable homes.

Clear and Objective Standards for Housing

Council directed staff to update to the standards for housing development as part of the work following adoption of the Urban Growth Boundary. This update offers an opportunity to identify barriers to housing across the city and propose solutions to improve our code.

Secondary Dwelling Unit Standards

Work is underway to implement Senate Bill 1051, which was passed by the Oregon legislature in 2017 and relates to secondary dwelling units. Council directed staff to complete a first phase of work amending our land use code to allow SDUs in more zones. The second phase will analyze standards regulating SDUs with the goal of encouraging more of this housing type while maintaining reasonable standards for siting and design. This second phase has not yet been scoped and funding has not been identified.

Removing Barriers to Small and Attached Housing Types

As part of the Envision Eugene recommendation in 2012, the council directed staff to look at removing land use code barriers to small, attached and clustered housing types. This work led to the Single Family Code Amendments adopted in 2014. Although this work started with the intention of making small homes easier to build, changes made through the public process ended up adding new restrictions on secondary dwelling units, alley access lots, and other missing middle housing types. The number of SDUs built per year since 2014 has decreased significantly—one was built in 2015 and two were built in 2016.

The River Road-Santa Clara neighborhood planning project includes consultant work to assess barriers and opportunities for housing options along the corridor. The local community will explore ideas and solutions as the plan reaches the phases of Vision and Action Plan preparation this spring and summer. Final decisions about code amendments recommended through the River Road-Santa Clara Neighborhood Plan will be made by the City Council.

Incentives and Resources

Another important way the City can support housing affordability is through incentives and resources to close the gap between the cost of development and the rents people can afford. At this point in time, the City utilizes limited federal resources and also provides land, system development charge grants, and property tax exemptions for affordable housing. The council recently asked the Housing Policy Board to prepare a proposal for a Construction Excise Tax, which would create a flexible local funding source for affordable housing. This proposal will be brought back to the council in April.

Incentives for compact development and secondary dwelling units are proposed in the update to the City's transportation systems development charges (currently in progress). Council is scheduled to discuss the proposal in a work session on February 28.

Other resources include information and assistance. This past year, staff collected information in a [Missing Middle Handbook](#) to explain the concept of "missing middle" and show local examples of these housing types, mostly in pre-war neighborhoods. A walking tour and sample development code are included.

The people who build housing are an important part of the housing affordability puzzle. Currently, the City provides design consultations for many different kinds of projects to help new housing better match the community's vision. The City may wish to consider offering more assistance to local builders who want to provide smaller housing types in a way that fits well into the community.

The better we understand the problem of housing affordability, the more effectively we can focus the City's resources on solutions likely to have meaningful impact. A comprehensive study of the local housing market, including larger influences beyond our community, may give us information we need to put the problem—and its potential solutions—in perspective. The council may wish to

initiate such a study to get a complete picture of the City's best path forward to address housing affordability.

NEXT STEPS

This is an initial work session on the topic of housing affordability and missing middle housing. Next steps will include continuing to work on the efforts summarized in Attachment B. In addition, staff is listening and learning from community members as well as other cities about a range of solutions that might be possible for Eugene. Following this work session, staff will return with any follow-ups the council requests.

COUNCIL OPTIONS

1. Direct staff to address housing affordability through ongoing work.
2. Direct staff to recommend additional actions for the council to consider to address housing affordability.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends council direct staff to return with ideas for potential actions to further housing affordability in Eugene.

SUGGESTED MOTION

Move to direct staff to return with ideas for potential actions to further housing affordability.

ATTACHMENTS

- A. Housing Affordability Infographic
- B. City of Eugene Housing Efforts Matrix
- C. [Missing Middle Handbook](#)

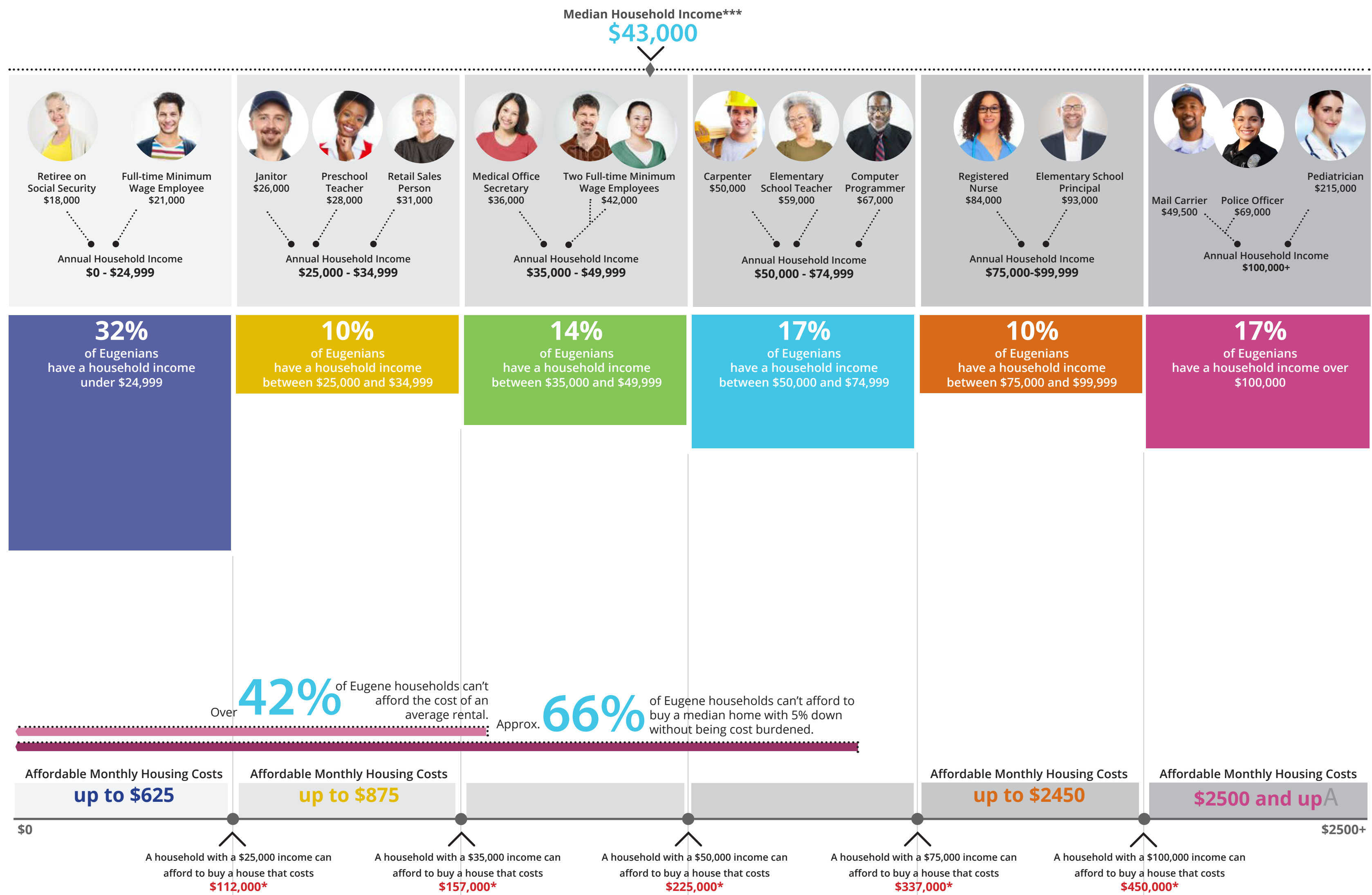
FOR MORE INFORMATION

Staff Contact: Terri Harding, Planning
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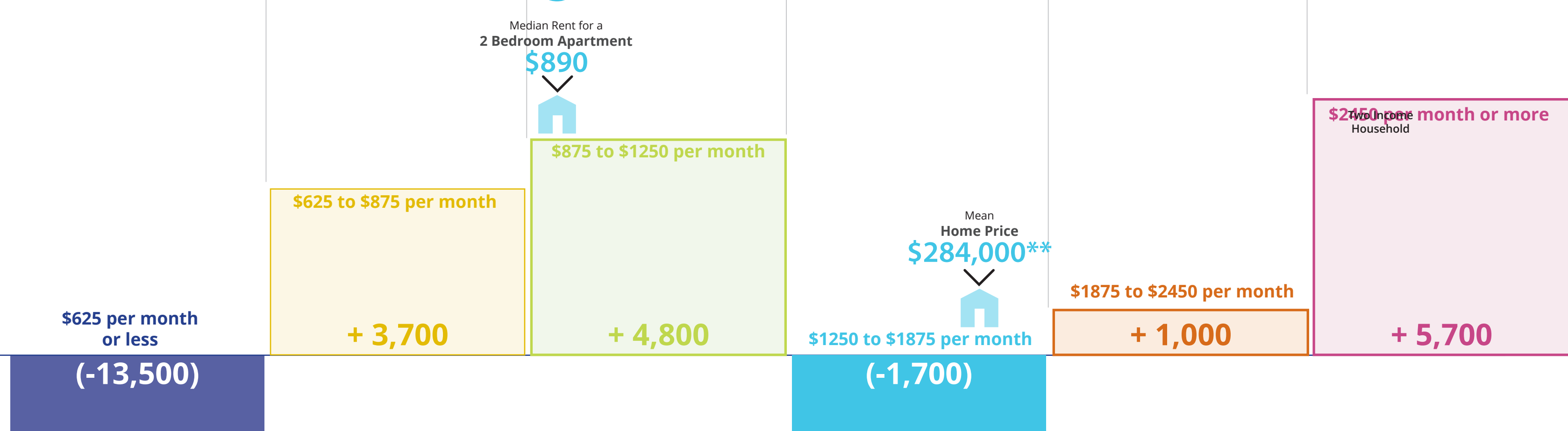
Staff Contact: Stephanie Jennings, Community Development
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HOUSING AFFORDABILITY IN EUGENE

Who are we talking about?



What kind of housing is available?



What can people afford?

What is "cost burdened"?

A household is considered housing cost burdened when 30 percent or more of its monthly gross income is dedicated to housing. People whose housing costs exceed this threshold of affordability are likely to struggle to pay for other basic needs, forcing difficult trade-offs.

45% of households in Eugene are cost burdened 61% of renters and 28% of home owners.

Affordable Monthly Housing Costs up to \$1,250

Affordable Monthly Housing Costs up to \$1,875

Household Income

Housing Costs Have Outpaced Income Growth

↑73% Cost to own

↑48% Cost to rent

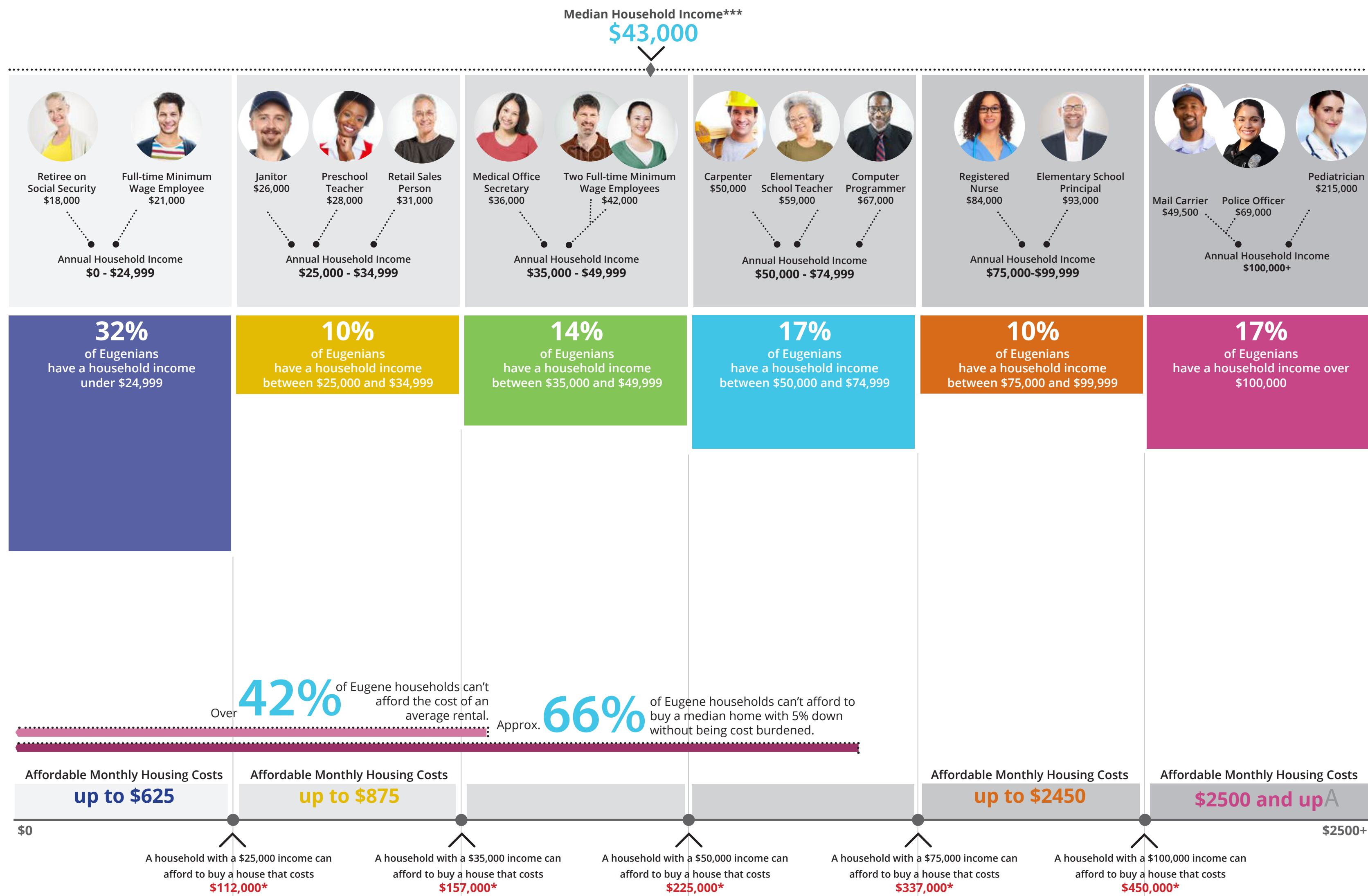
↑28% Household Income

Based on data from the 2011-2015 American Community Survey 5-Year Estimates, unless otherwise noted.

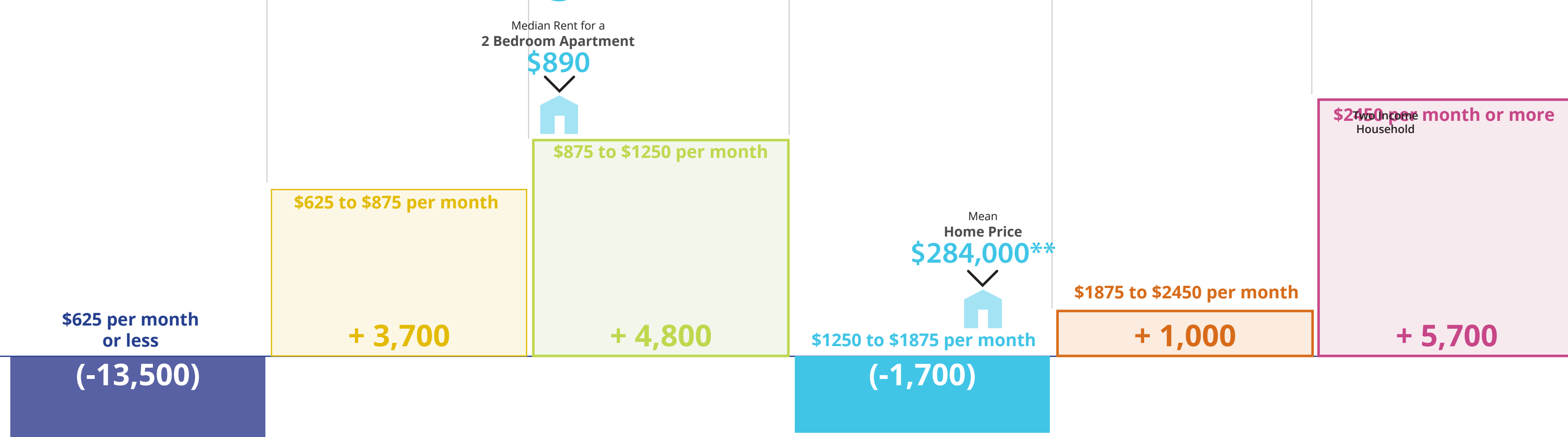
City of Eugene Housing Initiatives	Existing Council Direction Required by State or Federal Agency Project Specific Funding Allocated In Progress				Relationship to Affordability and Missing Middle Housing
Plans and Policies					
Housing Consolidated Plan	√	√	√	√	Guiding document determining investment priorities for affordable housing; data collected for this federally-required plan can inform other policies and actions at the local level.
Comprehensive Plan Housing Chapter	√			√	Metro Plan contains state-required land use housing policies; the Eugene Comprehensive Plan offers opportunity to support the Consolidated Plan, include missing middle policies, and fully implement our pillars and community vision. A parcel specific plan diagram will be developed through this project.
River Road-Santa Clara Neighborhood Plan	√		√	√	Neighborhood Plan will implement Envision Eugene in a neighborhood context. Council allocated local funding last year; federal grant secured to fund planning and design work on corridor, including housing market + gentrification study. Potential to pilot missing middle zoning tools within this project.
Urban Reserves Planning	√		√	√	Urban reserves planning is looking at our land supply needs for up to 50 years into the future, in line with our community needs and values including affordability. Proposal due to Council in February 2020.
Growth Monitoring Program	√		√	√	The Growth Monitoring Program will track development trends, land consumption, price and affordability, and compare the results to assumptions made during adoption of the UGB. Report due in February 2021.
Regional Prosperity Plan/EcoDevo Programs	√			√	Goals include raising average wages and reducing unemployment; both impact affordability directly.
Land Use Code					
Land Use Code - Clear & Obj Housing Standards	√		√	√	This update to clear and objective standards for housing was directed by Council, funded and given a timeline of 1 year following UGB acknowledgment. Standards relate to all housing types and price levels.
Land Use Code - Secondary Dwellings (SB 1051)	√				Council directed phase one to meet the bill's timeline. Phase two has yet to be scoped or funded.
Land Use Code - Identify Regulatory Barriers	√		√	√	Council provided direction in 2012 and through Consolidated Plan. Regulatory barrier study/housing market study part of River Road-Santa Clara planning as noted above.
Incentives and Resources					
Construction Excise Tax Proposal	√			√	Council asked Housing Policy Board to develop a proposal for a local funding source for affordable housing; under review currently. Coming back to Council this spring.
Systems Development Charges Incentives	√			√	Council provided direction to incentivize compact development and small housing in 2012; transportation proposal coming to work session 2/28/18. Incentives proposed for compact development and secondary dwelling units.
Missing Middle Handbook				√	A resource for community members to explain missing middle types in Eugene; includes walking tour and sample code.
Design Consultations				√	Design consultations are offered to developers and designers to help projects align with our Community Design Handbook.
Community Initiatives					
Better Housing Together - Community Forum				√	February 21, 2018 community forum
UO Architecture Studio on MM Housing				√	Fall 2017, Winter and Spring 2018

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