ROUGHLY EDITED TRANSCRIPT

CITY OF EUGENE
CITY COUNCIL WORK SESSION
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12:00 P.M.

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>> Knudson: Good afternoon, everyone and welcome to the November 12th, 2025 City Council work session.

Thank you for joining us in this virtual meeting format.

For wicker sessions like this one, there's no opportunity for public comment and those wishing to access the meeting can do so by watching the livestream available on our website.

The broadcast on Comcast channel 21, or by calling in to one of the phone numbers listed for this meeting on the public webcast and meetings materials page of the city of Eugene website.

Thank you all again for joining us.

I now call the November 12th, 2025 work session of the Eugene City Council to order, and we'll turn it over to our city manager to introduce the first topic, the work session on Urban Growth Strategies adoption package overview and housing action updates.

>> Thank you, mayor.

This first topic is a topic of significant discussion in the community all the time, but in particular, right now.

It falls squarely in your urgent community needs portion of your strategic plan around affordability, housing stability, economic development, job growth.

So it covers a lot of areas, and I'm really excited to have terry, and her team here to walk us through this presentation.

And I'll just turn it over to Terry.

>> Thank you.

Thank you, Sarah.

Good afternoon, everyone.

I'm going to let Leah and Amanda have a chance to turn on their cameras and share screen.

Thank you.

So my name is Terry Harding.

I'm a principal planner and today, I'm joined by Leah Rausch and Amanda deSousa to give you this update on urban growth strategies.

Our agenda today consists of an overview of the 2026 urban growth strategies adoption package, which we'll be working on over the next year, and then I'll hand it over to Leah and Amanda to take induce a deeper dive on two of our proposed housing actions to address the needs that the city manager was just mentioning.

New state requirements mean that we're required to take action to address our identified housing needs.

Micro village housing and voluntary annexation incentives are two of the proposals.

After the presentation, we'll break for your questions.

So to go right into it, urban growth strategies is identifying the tools, actions, policies and land needed for the next 20 years to support living-wage jobs and housing that everyone can afford.

Building off the years of community engagement that we did through Envision Eugene, urban growth strategies is evaluating the need for housing, jobs, parks, infrastructure and schools, as well as what tools can help Eugene to grow more efficiently.

This work will result in studies of what land is available in Eugene, updates to our comprehensive plan, and other adopted city plans and land use regulations, parcel-specific land use designation map and an evaluation of the need to expand the urban growth boundary, which we think there will be.

As a reminder, urban growth strategies has four phases and we're talking about the components of the first phase with the focus on two proposed housing actions.

We're bringing you housing first due to earlier state deadlines, but we are not neglecting planning.

Several actions are included in this first set of items that we'll be bringing you, and as soon as we can, we'll be bringing you the land supply studies, the second phase of the project.

The new state rules on how to complete land inventories are still being finished here at the end of 2025.

The complete project timeline.

Some growth planning efforts are under way already this year, such as the downtown housing initiative, ongoing annexation projects, focusing in on the 2026 and 2027 adoption packages.

Each of these will have policy and action components as you can see on the slide.

Completing our land supply studies in 2027 will allow us to begin analyzing potential UGB expansion areas, as I mentioned.

We'll be implementing our housing production strategy, and then by 2030, we will move for adoption in the UGB expansion through the local process.

The policy components of the package are shown here.

There are five new chapters of the --

[Audio choppy]

The topics on the slide, in addition to the -- designation map that will clarify how each -- in the UGB is planned to be used.

The 2026 and 20 -- of housing -- four priority areas: Increasing our supply of housing and reducing regulatory barriers for both housing and jobs development.

For example, through land use code changes or incentive programs, and encouraging development for both jobs and housing in and around mixed-use centers.

Some of the actions we'll propose are truly land use efficiency measures that we can quantify the impact of, that they'll have on our current land supply.

Others are actions that reduce barriers or costs, but may not be as easily quantified.

In your packet, there is a summary of all of the actions that we are researching in more detail.

We're only discussing two of them today and others will come in the next few months, like changes to the E1 and E2 employment zone.

And now, I'm going to hand it off to Leah.

>> Thank you, Terry.

Good afternoon, mayor and councilors.

My name is Leah Rausch.

I'm a senior planner in the planning division.

As Terry said part of our urban growth boundary planning as well as to implement citywide policies and priorities we're looking at how we can take concrete actions towards meeting our 20-year growth needs by increasing housing production, affordability and choice.

We've shared previously with you how through the new Oregon housing needs analysis or OHNA, we are changing how cities plan for future housing needs within the urban growth boundary.

We're not only planning for population growth, but also for decades of housing underproduction, the housing needs for people experiencing homelessness and other factors.

Using the 2025 OHNA, Eugene will need to support the production of more than 26,000 new dwelling units in the next 20 years.

To meet this need, we need to produce 70% more units annually for the next 10 years as compared to the last 10 years.

We also expect the next few years to bring a more challenging market environment with rising costs, interest rates and shifting demands, which makes this an even steeper hill to climb.

Using data from our group monitoring program, we know that Eugene saw an average of 965 new units per year over the last decade.

Of those, about 100 each year were subsidized affordable housing.

To meet our new housing need, Eugene needs to see closer to 1,600 new units each year for the next decade, including closer to 700 each year that are affordable to households with the lowest incomes.

We'll look at it another way.

This graph using growth monitoring data shows from 2013-2024.

The purple shows our currently adopted rules.

The blue line shows the average production since 2013.

As I mentioned that's 965 new units annually.

And at the top in green is our new housing needs based on the 2025 OHNA.

Finally, based on the first six months of 2025 data, we also have our estimated production for the year, which looks like it will be down significantly from our 10-year average.

I've thrown a lot of data at you, but the bottom line is we're seeing increasing challenging market conditions, federal resources, and the funding we do have isn't going as far.

While the new OHNA approach is more reflective of our true need, it highlights the challenge we have ahead.

As Terry mentioned, we're also required to meet our housing needs not just through overall production but also by affordability.

The state will require that we demonstrate we're taking action in some way to meet these specific affordability needs.

This chart breaks down those 26,000 new dwelling units into affordability bins based on area median income or AMI.

On the far left are new units needed for households with the lowest incomes.

The bars in green are units needed for houses making less than 80% of the area median income.

Two of the most challenging affordability ranges to address are deep affordability, below 30% of the median income, which is households earning less than $26,000 a year, and moderate income housing, which is not eligible for most current subsidies, but is a level of affordability that we don't typically see provided by development.

I'm highlighting the need for housing in the 0-30 and 80-120% ranges, because it will inform our discussion today about potential housing actions.

So as Terry outlined, staff are proposing a number of actions in 2026 and 2027, but we wanted to focus on two actions for today's meeting.

First, I'll review a new proposed housing type, micro village housing, that is focused on providing that deeply affordable housing, especially for people transitioning from homelessness, and then I'll hand it off to Amanda with community development to talk about new proposed housing production incentive programs.

So first, we've heard from affordable housing developers and providers that there's some interest in creating a new housing type locally.

Micro village developments would include very small units with an in-unit bathroom and a multiuse common building with cooking facilities and other amenities.

This type of housing would help to meet some of Eugene's local housing need, especially for people with the lowest incomes.

The hope is that these dwellings are faster and less expensive to develop than traditional multiunit rental housing and could reach a deep level of affordability without any subsidy.

We've heard through community engagement that the village setting can provide both independence and community support and detached units in particular can offer a sense of safety and comfort for residents who may have previously lived unhoused.

We started to develop some concepts in coordination with our interested housing and development planners, and you'll see a draft set of these plans.

First is the dwelling.

These would essentially be tiny homes at under 400 square feet with a possible bonus for acceptable units.

Detached units would be required to provide a private in-unit bathroom and a developer could choose to provide a small kitchenette.

During a roundtable with potential developers, they means need for flexibility, possibly offering a mix of detached, attached or stacked units to make the most of the development site and leverage infrastructure hookups.

For the village site itself, we hope to create a model that can support infill development, take advantage of larger institutional sites like church properties, unusually-shaped lots that are difficult otherwise.

The common building would provide a shared kitchen and eating facilities for residents and would be accessible to people with disabilities.

And there would also be some basic requirements for open space, pedestrian circulation and other general development standards.

Other accessory uses would like be provided, but not required for things like laundry, storage, daycare, other on-site services for residents or property management office, for example.

A developer could choose to provide additional recreational features, and they may also choose to offer limited commercial uses on the site, which could provide an important opportunity for workforce development for residents.

We're also considering potential code bonuses for units that are income qualified and available to low-income households.

In addition to micro village housing, staff will also propose land use code amendments to clarify development standards for both attached and detached single-room occupancies or SROs and given the similarities to the proposed micro village housing path, staff will propose development standards that clarify the two options and ensure compliance with recent changes in state law.

With that, I will hand it off to Amanda.

>> Thank you.

Good afternoon, mayor and City Council.

My name is Amanda deSousa.

I am the develop manager in the community development division.

I'm here today to talk about housing production, which is a creation of new housing production incentives that fill gaps in the housing program.

Right now, the city's housing programs typically support either low-income housing, or housing in the downtown area.

The proposed programs are aimed at addressing two dealt types that currently lack production incentives.

The first type is moderate income housing.

Right now, we have few programs that can benefit moderate income housing, yet we know there is not enough supply to meet the community's need.

We need to build 500 now moderate income households over the next 20 years, and they do not pencil without investment.

The seconded gap is tied to the lack of the programs aimed at supporting dense housing near transit throughout the city.

Tools are focused on the downtown area.

The creation of more density and transit centers around the city help achieve our climate goals.

The proposes action is to create two new 10-year property tax exemption programs.

These would be enabled by a state incentive for transit supported multiunit housing, the same statute that enable MUPTE, our existing housing program focused on downtown.

The first program would be targeted towards moderate-income housing.

This proposed program could be available for households between 60 and 120% of area median income and the eligibility would be any property within a quarter mile of a transit route which is the broadest geography allowed by state statute.

The second program is the concept to increase our overall housing with mixed-use centers for new market rate housing, but in a smaller boundary.

It would be for properties in the commercial centers that planning staff have presented on in the past.

Each of these incentive programs respond to a particular challenge in the state forecast of housing needs.

First, there's no intentional moderate income housing being built across the city.

While it's possible that some new housing offers moderate income rents there are no projects being built with a commitment to staying at that level.

We hope this incentive will nudge developers to pursue those moderate income housing projects.

Second is looking at how we move the production of more housing in more places in the city.

In evaluating recent housing development, properties zoned C2 and C3 are the biggest opportunity areas for more housing, but it's not being built there.

If you don't count affordable housing and housing targeted towards students, only 24 units per year in C2 and C3 are being built.

By applying the market rate incentive to the commercial centers, we can incentivize more housing in areas that are already zoned and designated for higher density housing that are underperforming today.

In addition to the two tax exemption programs we're also exploring the feasibility of implementing a new state program that offers a revolving loan fund for moderate income housing.

The program is capitalized with state dollars and would be implemented by the city.

The financial benefit to a development would be about the same as the tax exemption so we're looking at the differences between these tools and the practicality of their processes.

I'll note that these are very high level parameters, but the outlined decide on specific program components like affordability levels at a later session.

I'll touch on some of the benefits of this approach.

First, it aligns with our compact development and housing policies, supporting the creation of more diverse and dense housing helps achieve our housing production goals.

It achieves the city's climate action goals, encouraging more dense housing, especially along transportation corridors as actions that support our climate goals.

Finally, oneself property tax exemptions expire on the project, they would pay full taxes to the city after 10 years, strengthening our tax base.

We are not seeing these types of buildings getting built without incentives.

In fact, you heard today that production is trending downwards.

By offering these incentives for these projects, which do continue to pay the existing property taxes, these programs support long-term growth of the tax base.

Today, we're looking for feedback from you about these concepts and any questions you may have.

Staff are still considering our current capacity and financial needs to move any of these programs forward.

If council wanted to continue exploring any of these programs, we could bring back more information and options for your consideration.

To implement the program, council will need to take action on an ordinance, though, this would be on a separate timeline than the package you'll be considering later this month.

Back to Terry for questions and next, steps.

>> We'll come back to you on November 24th for a potential initiation of the adoption package.

And this is similar to what you've done with every code amendment in the past.

It starts the process and doesn't commit you to approving anything that might be brought back to you by the formal public hearings process.

That is scheduled for action on November 24th.

And then we are bringing a presentation to the board of county commissioners.

It's important to keep them in the loop.

And from December through March, we'll be working with our planners to review different components that will be brought to you with planning commission recommendations.

And now I think we're ready for your discussion and questions on the two actions that we've brought to you and any other questions you might have.

Thank you very much.

>> Knudson: Thank you to staff.

This is such important work for our community.

All the work that our team is doing in the area of housing.

I want to thank you all for many efforts under way.

All of this work helps us with our environmental and social and economic goals, and the community cares a lot about the progress that we're moving through.

Thank you for that.

I will also say that I really appreciate in this presentation, thank you for this presentation and the way that you've demonstrated the influence that we have at the city through the regulation of the environment and the redesign of regulation to facility housing outcomes that we need to talk about what effective incentives might look like and how we can partner in making projects feasible and then also, the importance of our continued stable partnership.

So real appreciation to staff for all the ground that you just covered in that very short presentation.

I'll now open the floor to council discussion, and I see Councilor Clark and Councilor Zelenka in the queue.

>> Clark: Thank you, mayor.

I appreciate the presentation from everybody, and I want to say I had previous information we heard at council testimony here just the other night and Amanda I think you mentioned a different timeline on the MERL incentives.

Can you give us more information about what's necessary for that to come forward and get active in a timely fashion?

>> Yes.

So we've been exploring the program.

I think what we're looking for today is if council gives a thumbs-up to bring back more information on these programs we're looking for any feedback, direction on what you would like to see.

We would plan on bringing something back likely in the new year.

It's almost December.

>> Clark: I was going to say, I thought there was a December 11th deadline with some of this stuff, and so --

>> We spoke about two programs at public forum.

The MERL does not have a timeline deadline associated with it.

>> Clark: I for one am gigantically in favor of what you've listed today.

In terms of incentive capacity that we can add to the marketplace and see a better outcome.

I would want to do everything possible for us, especially considering the MERL program for us to move as expeditiously as possible.

If that's coming forward from the staff, great.

I would prefer to see votes rather than head nods so that there's no miscommunications.

But I would like us to be moving as quickly as possible towards those incentives.

So that's my 2 cents.

Thanks.

>> Knudson: Councilor Zelenka.

>> Zelenka: Yeah.

Thanks.

Very good presentation.

I agree, too.

We need more housing.

We've got bad news on where we've been and what we need to do.

Those things don't add up.

And it's a big problem for people trying to get the housing.

But the part that's really in crisis is the affordable housing piece.

That part is dramatically underserved and very much in crisis, trying to find a home in Eugene is extremely difficult.

We did the tools and strategies process, which got hijacked by the building community and resulted in zero new additions to affordable housing from the market.

So, unless we are going to change the way we do things, going up another half-% on the CET, we're not going to get the money to be able to subsidize these, and that seems to be the only way to do that.

Hopefully, some of these moderate income housing programs and incentives we're proposing can alleviate some of that.

I support them.

I also support the micro village part.

But related to how effective these are, the stuff that we've been doing in the past has been marginal.

And granted, the City Council doesn't have big levers here.

Ours is pretty marginal, whatever with the ability to actually move the needle, especially in the affordable housing space.

So how effective are these going to be?

Asking the staff to crystal-ball this a bit.

>> I'll take a first stab.

You're right.

It is hard to quantify.

We've been looking at what other cities are doing and trying to leverage anything that we're not already doing.

Part of the issue is we're already doing a lot.

We're already doing a lot of the things that we can do as a city.

The other thing, I would say, is as we move along in the urban growth boundary quantification process, we will be assigning our numbers to each of the strategies that we think are going to make a difference, and so you'll see kind of a way that things add up to the end, and that's part of how we get to how much do we need to expand the urban growth boundary?

By whatever is left over after taking a bunch of actions inside the urban growth boundary.

Leah, would you like to add anything?

>> I wish I had a crystal ball to know exactly how effective two of these actions are going to be.

I think some of what we're doing in terms of reducing barriers and trying to land use codes and policy work is a little bit on the edges of making a substantial impact.

We're looking at things that don't require a lot of subsidy and direct investment, although that work is happening, as well.

Those things are a little bit harder to quantify.

From micro village housing.

We've heard an interest, and a entire from developers and operators to look at this so we're hopeful that means there's real interest and demand to develop some of these units, and that's they'll be quicker and faster than kind of what we've seen from traditional affordable housing.

But it is a new path and will probably take a little bit of time to get the wheels moving.

>> Zelenka: Given this is a numbers thing, I would like to see some estimates of actual numbers of affordable housing units that we're going to get from these different things.

It can be a range, and we can rely on what other people have done to be able to see what we might be able to do about that, but I would like to see if we can't quantify this a bit more and see if we can't get some estimates of how many affordable housing units we're going to get on the ground because we do these actions.

That's kind of the name of the game in affordable housing is the number of units, and we seem to kind of just dance around the policies and talk about it, but we don't see much in terms of results.

>> Kashinsky: Councilor Leech.

>> Leech: Thank you, I'm interested in moving forward with learning more about each of the incentive programs, and I'm interested in the micro village concept, and I have a couple of questions about that.

Are they kind of flexible in the types of -- are they just going to be rental homes?

Or is it kind of mobile park type of environment where maybe someone owns the unit but rents land?

Do you see it more as these service providers are actually going to be providing all of them on a chunk of property and kind of subsidizing the residents?

I'm interested in the flow of what that actually looks like.

And separately, I guess the requirement of not having a kitchen in the unit separates it out in terms of the new housing type for sure.

Let me pause there and answer that one before I jump into the other question.

>> Yeah.

Thank you, Councilor Leech.

The city doesn't have a lot of tools or rules in requiring limiting types of ownership housing.

From a land use code perspective, we would make it available, and it would be up to the individual developer whether it would be built as rental housing, built as permanent supportive housing with the on-site services, or built in more of a co-op community land trust ownership model where folks could own the building, and share there and underneath, similar to what we've seen with square one villages.

So that certainly would be an option, and it would just be the developer's choice, but the city would allow any of those options.

>> Leech: Excellent.

That is good to hear.

We had the condo model of gaining equity in your home, is difficult.

Is there a lot of land that's designated as possible sites for these?

And if we are incentivizing or I guess -- it's less incentivizing this model than it is just allowing this model to happen?

But are those possible sites, I can see where it's six tiny houses versus an apartment complex with 50 units.

If we're going to have an understanding of the possibility for some of these parcels that we have available.

>> Yeah.

I think my hope, our hope is that they're flexible.

It would be allowed on a variety of sites across different zones in the city.

Make it allowable in lots of different places.

I think the market reality of where these would work is infill sites where you could put an apartment building or half a dozen tiny homes.

Institutional sites like a church property, or a big scale property that might be interested in making part of it available for lower income housing.

Sites like that are most vively.

Because land is at a premium, I don't think we're going to see super big parcels of land that are going to go for this, although certainly, it would be allowed if the property pencils.

>> Leech: I am excited to see where this goes and how these incentives improve our ability.

I know that I say it -- the idea of expanding some of these incentives is amazing.

And I'm looking for the 24th when we can continue talking about it.

>> Kashinsky: Thank you for all the work you've been doing over the years to help get to us place where we can have more housing in our community.

Most of my presentations you answered during the presentation or would be coming back with more details, such as the different single occupancy in the micro villages and how those are distinct.

I just wanted to jump in to say I'm very supportive of all of the concepts.

I'm supportive of hearing more and moving quickly surrounding the incentive programs and looking forward to seeing the concepts for the micro village in the MUPTE so thank you.

>> Councilor Yeh.

>> Yeh: Thank you to staff.

Also, impressed when you guys and the great information we get.

So first in support of getting more information about all of these ideas.

I think they all have a lot of potential, and I would love to get more information and to dig deeper.

I know you mentioned that when we're doing these projects, we can't really determine whether they're going to be for ownership or for rental.

I'm concerned that there is this growing divide not just in our community, about the whole country where people are just not able to access purchasing a home, and it's quite a serious issue for our nation.

And I don't have a specific question.

It's more of a hope.

I'm hoping if there are opportunities within these programs to incentivize ownership, to incentivize things differently or not, or if we have to have all the same incentives, but if there are opportunities to incentivize home-ownership, I would be interested in those and the ways that we can have an effect on home-ownership, especially at middle and lower income.

I think that's a goal of ours in the city.

I want to put that out there.

I don't have a specific idea or question the around.

And the only other question I have, on one of the slides, at the bottom, it said that the 2025 AMI was 91-700.

Is that for the whole state?

It just sounded high to me from what I've seen on other numbers before, and I wanted to ask if that's local.

That is our local number.

That comes from how we qualify affordable housing.

And it's for a household of four so that might mean --

>> Yeh: Maybe the other numbers were for a different household number that I saw before.

I really appreciate that.

Thank you.

Great, and I'm just looking forward to continuing to talk about this.

>> Kashinsky: I have Councilor Keating still in the queue with Councilor Groves.

>> Groves: Thank you, mayor and thank you for the presentation today.

I found it very useful and informative.

This was something I've been very interested in for quite a while.

I agree with Councilor Zelenka.

We need more housing.

And I especially agree with Councilor Yeh.

We need more owner-occupied opportunities for people.

And I say this all the time.

It's the one thing people have in our community to generate personal wealth and carry them into the future.

You lock into a fixed-rate mortgage home loan, and it kind of is inflation proof, because your other costs may keep going up, but your housing costs remain relatively flat.

So I'm especially interested in learning more ways that we can get people into housing.

The one area I guess I do still have a question on is some of the smaller microhousing, the village concept.

I know Everyone Village is working on that.

I know we have a couple of other providers here locally that are working on that.

Have there been any changes in what housing is?

Because I know that that's been kind of a holdup with some of the Section 8 housing.

I know the state has been working through their building department to come up with ways to have approved plans and be able to approve these for occupancy.

Has there been any movement in either of those areas at the federal or the state level?

>> That's a great question.

I think those are things we're definitely thinking about.

We want those units to be eligible for housing choice vouchers.

We certainly want to make sure they're legal in terms of the building code.

Those are conversations we're having.

There's not necessarily building code or regulations standing in the way.

We may have to apply for a specific step in the process, the name is escaping me right now but we're having those conversations, and I think we have a clear path forward.

>> I'm glad to hear that.

And the other thing I wanted to float in is one of the three IGR members, intergovernmental relation committee members, if there's anything we need to have done at the state level, it might be good to let Ethan know so that we can take that up as an IGR and bring it back to council.

Again, it's trying to make sure we've got the base to move forward and get people in housing and especially trying to help get people into owner-occupied units.

Thank you very much.

>> Kashinsky: Councilor Keating.

>> Keating: Thanks, mayor.

And thank you to the team that presented today.

I attended a neighborhood association meeting last night and the number one thing that came up was housing affordability, a lack of housing, our dearth of housing opportunities in Eugene.

I would submit that we should be a better place to live, work, play and stay and providing those opportunities for older community members who want to scale down, opportunities for renters, like myself, to move into owner-occupied housing, and opportunities for some of our most vulnerable community members to move up that, up the pipeline or up the housing ladder to get out of the housing insecurity or instability into permanent supportive housing.

So I am enthusiastically supportive of the concepts that were shared with us today.

I looked forward to next steps, look forward to being a helpful partner.

And I would just ask, what is needed, either -- what tools are in our toolbox locally or what reforms could be seen at the state level for incentives for commercial on the bottom?

And residential on the way up?

As I understand it, there's a lack of incentives at this juncture and do you see any potential since Councilor Groves mentioned sharing concepts with our it's going toker community members; is there any benefit, would our community benefit, from any mixed commercial and residential incentives along those aforementioned transportation lines?

>> Thanks for the question, Councilor Keating.

I just want to maybe give you a teaser of one of the actions that's still being developed is around our neighborhood commercial zoning and standards and incentives.

That's unfolding as part of our work on mixed-use centers, and should be part of what we bring to you in the spring.

Yes.

It's on our minds.

Thank you for the question.

>> Groves: Great.

Thank you, mayor.

Thank you, colleagues.

I don't disagree with any of the observations or comments that were made, and I look forward to next year.

>> Knudson: Thank you.

I'm going to insert myself into the queue before we head into round two and just first, I want to say I appreciate through this discussion so many of our council have highlighted the challenge that we face in this work and how difficult it is to build housing and to build affordable housing, that this is an issue that we give a lot of attention to and one of the reasons it has our attention is because it is really challenging to get projects built and redevelopment is difficult, new development is difficult.

I appreciated Councilor Zelenka's thoughts about understanding the different utility of these tools, and the different actions that council might take to support, and I do think it is really important that we have a diversity of tools that we build out and use a diversity of tools to accomplish a diversity of outcomes and that relates to both housing typology and affordability.

So I think a lot to be enthusiastic about from this presentation and discussion today.

I also will indicate my full support for the implementation and development of our partner with the moderate-income revolving loan project.

Public comment was incredibly hopeful, and they also laid out -- working towards.

And for us to be able to take advantage of the time frame, that is most useful to a project that is on deck.

That is a great opportunity that's before us, and so really appreciate the highlighting of that piece of work in relationship to so many other efforts through our regulatory efforts, through our new development and incentive efforts, through complements with existing programs like the affordable housing trust fund that we can see an increase in production and affordability of those units locally.

I have one question that is related to another statewide tool.

I just wanted to see what staff is thinking of and that is this housing infrastructure fund.

And I'm curious if you're exploring ways to use that, or how you are seeing that as being useful in this phase or future phases of work.

>> I'm will Dowdy, community development director.

We've been looking at that tool.

We've attended some training sessions on it.

We are interested in the applicability of it, and how it could be useful for projects.

The challenges have been around -- it was released about a month and a half window for applications.

They have to also got a $10 million fund, which is a practices of what business Oregon had requested from the state legislature.

They've got a $10 million fund, and they're doing awards of up to $2 million.

So -- they've got a priority around shovel readiness.

So we're looking at it pretty carefully to see if it's something that could be useful for us but also recognize that it could be in high demand at the state and so we're trying to prioritize and use our time well to make sure that things that we pursue are things that we have a good chance of getting.

So yeah.

We'll let you know if we end up moving forward with the request on that.

>> Kashinsky: Thank you.

I think it was information from the city that so much of what is celebrated as innovative in other parts of the country or other communities are strategies and tools and innovative approaches that we've had in place in the City of Eugene for years or many years.

So we are leading in so much of this work.

My only thought about that tool would be if there would be a way we could connect it to other innovative work that we are doing.

Maybe that's a strategy for us, finding particular of leverage locally.

Thank you very much.

Councilor Clark.

>> Clark: Thank you, mayor.

I wanted to take off real quickly on what the mayor was mentioning there and asking Will about, as well as what Jennifer mentioned.

In my real-life job I get to be a mortgage loan officer so I deal every day with people trying to buy homes and one of the statistics that blows my mind, and I think is a horror show for the future of our country is that the average age of a first-time home buyer today is 40 years old.

That's the average age of a first-time home buyer, and that's a nightmare process as a whole in our area.

The state of Oregon has come through and created new down payment assistance programs for home buyers that allows for people from 80-120% of area median income, which is 70 grand for the whole household to have a down payment assistance so that it's nearly zero money down to buy a new home.

The trouble is we're not building enough of them in Eugene.

Heather has mentioned previously that 48% of our buildable land supply is unbuildable because the utilities to take off on the mayor's comment here.

What do we need to or what incentives can be part of this planning that we're talking about to make moderate income for purchase, moderate income housing for purchase more attractive to building in our community?

I guess this is a question for Terry.

I don't know.

>> Yeah.

It might be for me or back to Amanda, because I think the tool we put out for you to consider today was the moderate income housing production incentive and targeting a program that would be limited to housing price in that zone specifically.

So I don't know if Amanda wants to say anything else.

Or Will.

>> Clark: We have lots of land, but we don't have some of the pieces to the pie to incentivize builders to build on that -- not they already want to build.

It's that there are too many hiccups and problems in the way from our standpoint, of us being at the table, and I want to see us doing things to remove those barriers.

Can you tell me more about what we could do in that way?

Amanda?

>> I mean our housing incentives are just focused on kind of using the tax potential without having actual cash to put in and support new infrastructure.

I think the program that came up at the state as Will mentioned was very short term.

Really focused on projects that are ready to put a shovel in the ground and less geared towards planning infrastructure for those sites that might be good opportunities for housing.

Do you have anything to add?

>> I think the other thing, and Councilor you mentioned the numbers nationally are a problem and Councilor Yeh mentioned this, as well.

This is not a spot where we've got a particular or unique problem, but this is a space where we like our counterparts across the country are dealing with something that's incredibly challenging.

I think -- and so we are working on it.

We're trying to figure out some of these ways that we can align this, but it's not specific to Eugene-specific processes, Eugene-specific permitting, you can go to any city that looks very different than us in way, way or another and they're wrestling with the same thing.

I think what we're trying to do first with these incentive programs, but then through more exploration and all of the improvements we've done over the years, and our permitting processes and things like that is try to find a Eugene-specific way to crack the nut and to try to get a little bit of an advantage.

But it's not going to be an easy problem.

We're not going to have a silver bullet solution, but we're going to keep working on these kinds of programs.

>> Clark: I know it's challenging with what I'm about to say, but I met recently with the local builders association and problems, headaches, things can we get out of the way to make it easier for you guys to build stuff?

And the one thing I heard is that our permit desk doesn't open until noon.

That we are closed for half the day, rather than open at 8:00 p.m. when builders are most in need of being able to access folks and information.

So I don't know how helpful it is or isn't to you guys, but I thought I would put that piece of information forward, too.

We can be more helpful to them with more availability.

Thank you.

>> Knudson: Councilor Keating is down, and we have our second agenda item, voluntary annexation so, unless you had one more comment you would like to make I know there's a lot of interest in the second, as well.

>> Keating: Just a quick question, and it may or may not pertain, but I remain curious about commercial properties or vacant residential properties and if that element has any potential for weaving into the concepts that are shared today or any future opportunities for increasing venue through a vacancy.

Or commercial residential hybrid.

Is there anyone who would like to comment on the potential for converting vacant properties into housing?

And/or is that germane to this conversation today?

>> I'll take a quick hit at the part about vacant properties and turning them into housing.

Yes.

We are actively asking anyone and everyone what it would take for them to develop it, whether it could be put into our land bank program, whether other public agencies have access, and that will be part of the conversation as we go forward.

I can't speak to the other part of your question.

I'm not sure if anybody on here wants to talk about that.

>> I'll jump in really quick, Terry.

I think something like a vacancy tax is something that we have not analyzed.

I think it would require a lot of analysis before we would decide whether that would be something we would want to bring forward, because I think it's complex enough that it has implications on both sides of the balance sheet.

And on our permits, we have a build system and just for the community listening, you can submit permits at all times of the day.

We're open.

Even though the building is not open, we have people processing permits, 8:00 to 5:00.

And it's very efficient, and so I understand that they don't have access to the counter,but we are open, and we have people processing permits all day, which is actually wildly successful so I want to mention that for those seeking permits.

>> Kashinsky: Thank you, council, for a great discussion.

And we'll move on to our related second agenda item.

This concludes our first agenda item, and I'll turn it back to the city manager to introduce our second topic, which is a work session on incentivizing voluntary annexations.

>> This is a continuation of a previous work session.

I'm actually just going to turn it right to Alissa to save some time.

>> All right.

Thank you, Sarah.

Good afternoon, mayor and council.

My name is Alissa hunter.

I'm sharing my presentation here.

There we go.

Hopefully, you can see that and let me know if you can't.

And today's work session is incentivizing voluntary annexations.

It's a follow-up to one you all held last year, and you were provided a really in-depth background on annexations, and particularly voluntary annexations.

Council asked for a follow-up work session to cover possible incentives to voluntary annexation, along with the financial applications of those incentives and the financial applications of annexation in general.

I think as you know, annexation touches every corner of the organization.

It really is a city issue with citywide implications.

We're approaching this as a housing action to help encourage the creation of more housing, which is why I'm here today.

So this is really under the umbrella of urban growth strategies.

Okay.

So this is the agenda.

I'm going to be covering possible agendas to encourage voluntary annexation along with the financial implications and then a bonus topic on some potential legislation that may be coming forward this session.

As I mentioned, this is under the umbrella of urban growth strategies and as you heard, our community has a significant need for housing.

I'm not going to belabor that point, and we all know it's going to be a steep hill to climb.

So we're looking at many, many actions to help further production of housing in Eugene and one of those actions that has been identified during urban growth strategies is really to encourage voluntary annexation, because annexation is required for development of most housing if the property is outside the city limits inside the urban growth boundary.

Throughout the community engagement process of the urban growth strategies, that people do support the city taking action to encourage annexation and to remove barriers to make it easier and less expensive.

So these are the four possible incentives that I'm going to be covering today.

We'll review a number of possible incentives to address barriers to annexation, and these have risen to the top for consideration.

These could be undertaken independently or bundled.

And they're intended for the purpose of increasing housing production.

I'm going to into a little bit of detail about each of these and the financial implications of them, as well.

So the first is pretty straightforward and focuses on proactive outreach and education and partnerships to get the word out about the benefits of annexation, and any available incentives.

These are the four ideas shown on the agenda.

They're also in the agenda item summary.

I assume that other ideas will come up, as well proactively.

This action would have the least amount of financial impact on the city.

It would only require staff time, and some mailing costs and staff is planning to move forward.

The second option focuses on leveraging existing work of the city to encourage or assist neighboring property owners to annex.

There is a two part approach.

The first is when the city is planning to annex public land to build infrastructure.

The most recent example is the recent annexation of the streets in the crow road area.

The city reached out to owners of adjacent properties to see if they wanted to be part of the application and the city prepared the annexation materials for the street and the

adjacent property owners who would be annexed and this was at no costs to the private property owners.

In others cases, the city has annexed street right-of-way only typically for street improvements or speed considerations, to achieve contiguity for city limits.

The city notifies adjacent property owners of the upcoming street annexation and provides information about the benefits of contiguity.

Obviously, there is a benefit, because of those properties paying property tax to benefit the city.

Public works staff do intend to continue with their efforts around street and public property annexations.

The third option would be to waive or reduce the fee.

The property owner must submit an application fee of a little over $5,000.

Over the past 10 years, we've seen an average of 10 annexation applications per year.

Thy waits to 5,100 in general fund annually.

You can do the math.

If we double or triple that, we would see $100,000 or $150,000 application fees not being collected if those were waived.

We don't really have an accurate way to determine applications that might come in because of this, but we have heard that the financial barriers include the application fee.

The financial considerations for this action include application venue lost and also there could be a potential increase in staff resources needed to process the additional applications.

As a benefit, increased property tax revenue from additional properties, and I'll talk more about property tax in a little bit.

And the fourth and final incentive, which is required by state law would allow the city to prove a phasing in the city's tax rate for a period not to exceed 10 years.

This includes the property tax differential.

There's a lot of flexibility on how, and where it could apply, the city could set criteria for geographical areas, whether or not it's a residential property, if it's developed or not.

Acreage limits.

There's also flexibility in what tax rate to use, as long as it's not greater than the city's current tax rate, and the time frame.

So it's up to 10 years, but it could be for less than 10 years.

This action would have the greatest financial implications due to the reduction of new property tax revenue for up to 10 years.

There would also be costs associated with establishing a new program to process and track the differentials.

And again, I know you're excited to hear about property taxes, and I will be covering that in a minute and show you more details about the financial implications.

So there are really three overarching financial implications associated with this.

The first is property taxes.

When a property comes in, it would generate new property tax revenue for Eugene.

I'll show you what that looks like.

In terms of city services while calculating the cost to serve a typical residential property with a full suite of city-generated services would require a complex analysis.

It's highly likely to exceed the property tax revenue generated by a typical property.

Incremental annexation of properties is not expected to cover costs.

However, there are other tang and believe meaningful benefits of annexation, including facilitating housing production, consistent governance, and efficient and orderly service provision.

And finally, annexation also has financial implications on the special districts that currently serve properties outside the City with things like water, parks and fire.

Annexation into the city results in a lost property tax revenue to the special 60, once those properties are annexed.

Moreover with the special districts and more detailed analysis would be needed to fully understand the implication on the special district.

Now, we're going to review the property tax implications for typical homes in the River Road and Santa Clara area.

And I want to assure you that these slides were produced a week ago.

The real market and assessed values shown here represent the median value homes eligible for annexation in each area, River Road on the left, Santa Clara on the right.

In River Road, the current tax rate outside the city limits is $1,000 of assessed value, $17,000.12.

This is the total tax rate, including all schools and general government levies.

After annexation, the tax rate would increase by $2.70, or about 16%.

When these tax rates are applied to the assessed value of a typical home in River Road, which is about $202,000, annexation would cost the annual total tax bill to increase by 16%.

In Santa Clara, the current total tax rate outside of city limits is just $13.11.

This is much lower than River Road due to the differences in tax rates for special districts in each area.

Primarily the River Road parks and recreation district.

After annexation in Santa Clara by $6.70, or about 51%.

When these rates are applied to the assessed value for the typical home in Santa Clara, annexation would cause the total annual tax bill to increase by over $1,400.

Using the same typical home values from the previous slide, we can estimate the total gross venue that the city's general fund would receive from annexation under the full tax rate.

So this first red box, this is the estimated annual revenue for typical home that would come to the city in gross dollars, $1,315 in River Road or $1,400 in Santa Clara.

Just for some fun math, this means that it would take the annexation of more than 700 homes to generate $1 million per year of general fund property tax revenue.

And if the annexation application fee waivers are granted, it would take almost four years to recoup that lost revenue.

Earlier, I talked about the concept of property tax differential, which would allow the city to phase the city's tax rate over a period not to exceed 10 years.

The red information on this slide shows the potential general fund revenue for typical home under a version of the property tax differential that would keep the total tax rate, and the total tax bill the same as before annexation, meaning that once that property was annexed, their tax bill would not go up.

General fund revenue is reduced about the tax differential meaning that the number of homes needed to generate $1 million and the number of years to recoup any total application fees are increased.

In this possible tax differential scenario, it's important to note that the city's tax rate and resulting gross fund venue are further reduced in Santa Clara as compared to River Road.

This is because the current total tax rate outside the city limits is lower in Santa Clara and thus the city's tax rate is reduced further in order to maintain the same total tax rate, and the same total tax bill as before annexation, and just for some context, there are roughly 3,300 unannexed lots in River Road and about 4,400 in Santa Clara.

Next, I'm going to give you a couple of examples.

So the previous slide showed potential general fund revenue from the annexation of existing typical homes in those areas.

And here are some recent examples that led to new development.

This first one is based on a property that is zoned R1 low-density residential with an existing home.

It was -- $0 were going to the city.

It was annexed in 2018 and divided and a new home was built on the second pieces in 2021.

The new home values are shown on the right.

The new property is contributing $2,710 to the general fund annually.

For context, it would take about 369 of these developments to generate $1 million per year of gross general fund revenue.

This is the second example, a vacant property that was zoned R2 medium density residential.

It was annexed in 2018 and developed with 31 town homes.

The current values for this development are shown on the right.

This property is now contributing just over $13,000 per year to the general fund.

It would take about 70 of these developments to generate $1 million of gross general fund revenue annually.

And now I'm going to move on quickly to the potential legislation.

A in and out of are familiar with this particular topic.

It was raised at it's going toker last week.

Local housing advocates are advancing a concept to amend state law to remove the requirement that a property be contiguous to the city limits in order to annex.

Currently, state law requires that properties be contiguous from the city or across the street or a body of water from city limits to be eligible for annexation.

Prior to 2008 when the Lane County boundary commission was the approving body for annexations, properties were not required to be contiguous.

This has resulted in a patchwork of annexed properties seen today in River Road and Santa Clara where many properties are still not contiguous to the city limits.

As such, annexation is not possible.

Although we haven't seen the bill language, this could be beneficial as a housing production strategy.

However, there are other considerations for this city, such as service delivery.

My last slide here.

As I mentioned, we intend to move forward with the action related to outreach and education being more proactive and continue with annexations and these will be actions to encourage voluntary annexation for the purpose of housing production.

The two possible actions that have more significant financial implications we would like to get some feedback and that first, is the application fee waiver, if that is something that council is interested in considering.

We could come back with some recommendations to make this a pilot program, including a time frame, a proposal to cover venue reduction and anything to address potential increases in staffing needs and planning.

For the property tax differential, I would like to see if this is something that council would be interested in considering.

If so we could come back with information on how to implement a new program, including staffing parameters for eligibility and more information on taxes.

And then finally, I would love to hear your thoughts on the possible legislation that would allow for non-contiguous annexation.

That would help us inform next steps, particularly in the process.

So that's my last slide, and that concludes my presentation, and I look forward to hearing your discussion and feedback.

>> Knudson: Thank you, staff.

I've also asked the timer to be set so we can get all the questions out into the discussion on several points today.

>> Clark: I would suggest that there are parts that are helpful there, one of the issues is that a full city --

[Audio choppy]

We're pretty much already providing fire to most of those folks.

My question, can the fire chief address the relationship between the special districts, and the city with regard to fire provision in the area?

>> We can't always guarantee that those will be dispatched great.

We provide a partial response to fires to all properties.

One of the challenges in that agreement is we're sending our firefighters who are trained to operate with the industry standardize minimum number of firefighters to do all the tasks safely, and we'll hamstring them by holding a number of resources back when they respond into that area, non-city properties.

Typically, in a mutual aid -- appropriate unit responds meaning -- to provide their fire services -- closer to a number of properties, but they do send their fire resources for quick response to areas that they're closer to in the north Santa Clara area.

Where that becomes challenging is -- where we spend about 5:1 in response -- staff hours committed, where their contract district provides typically a fire engine and maybe one supervisor -- providing two engines and a supervisor -- so we have concerns about that process, and we would love to see that close out -- so we send our firefighters to do their job safely.

>> Clark: Thank you.

>> Knudson: Councilor Kashinsky.

>> Kashinsky: Thank you.

With the legislative change, I would hope that whatever is crafted is crafted in a way that it doesn't make this problem happen in other places, because in noncontiguous annexation, it's both the solution to the problem, but also, what caused it in the first place, and so we do end up with some areas that are zoned for residential where we don't have this problem, and we're going to re-create this problem there.

When we're talking about the legislation, trying to figure out how to navigate that.

As far as the incentives, the property tax waiver, given the sort of map on this I'm a little bit more reluctant.

I would be more interested in the waiver if it could be targeted than just a generic you get to annex for free, but if you're doing a certain activity, then that waiver would go into effect, like go -- thanks.

>> Knudson: Councilor grove.

>> Groves: Thank you, mayor and thank you, Alissa, and your team for putting this together.

I also favor pretty much all the incentives to try to get us somewhere on this.

As far as island annexation, which is -- that's what we used to call it.

We're back to the future with that piece.

I understand what the chief was saying, a lot of grief over the years, and we finally just addressed it by sending people to everything, although it's -- anything we can do to get these gaps closed up.

Even if we create new gaps in the process.

We need to do -- we've been doing.

I remember sitting in my recruitment class in 1980, we're going to be -- that's all going to be Eugene in a year.

I'm out of time.

Thank you.

>> Knudson: Here we are one year later.

Councilor leech.

>> Leech: Thank you, mayor and thank you for bringing this topic back to us.

I am also interested in exploring all of these different options.

I would love to come back and do more of a deep dive and get more information, have a longer discussion.

I'm definitely interested in some type of pilot where we can kind of strategically parting specific areas.

I know this is a citywide issue, but my ward is very complex, and it's very difficult with such a patchwork.

Can I ask about how many, what percentage of applications, that we get, which, you know, 10 per year, which is so small, because they are actually adding housing units?

>> I don't have that information in front of me.

I would say most of them.

I mean the only other times we've seen them recently are street annexations, which are included in that application count, and we actually got -- I think we got four of those in the last year.

So sometimes, we see more of those, and then there are also employment properties that annex from time to time.

So not all of those 10 are for residential.

But typically, when somebody is annexing, it is because they want to divide or add more units.

>> Leech: I think this needs to be a really heavy piece of the pipeline, and our ability to add additional housing units in the city and so incentivizing in that area is really important.

Do you have the number for the actual cost for not like the unrealized revenue that we wouldn't get for the application fees but the cost of processing the application?

>> I also don't have that.

I could tell you that the application fee that was on the slide was established in 2008 and that was supposed to cover about 37% of the annexation of the staff costs, and we have not increased that fee in that amount of time.

So it does not cover a very significant part of the staff processing.

>> Leech: Okay.

Thank you so much, and I look forward to your answer.

>> Knudson: Councilor Yeh.

>> Yeh: Thanks.

So it sounds like we're going to be talking about this some more, and I am in support of that, of continuing the conversation.

I think this has been an ongoing problem in our community in River Road, Santa Clara, for a long time now.

And I don't really see this so much as a regenerating conversation as a problem-solving conversation.

But when you come back with more information, I'm really interested about these different incentives that are less disruptive to our budget.

I am fully on board with helping people babel annex into the city, but I do not think it's unfair to ask them to be a part of this process themselves, and so if one of these options is less disruptive to our budget than the other, I would be more interested in leaning on one than the other, so maybe it's a combination of the two to get to where we're going.

Thank you so much.

Looking forward to more in the future.

>> Knudson: Councilor Zelenka.

>> Zelenka: Yeah.

Thanks, Mayor.

This has been an issue since Mike, and I got on the council 20 years ago and way before that.

This isn't anything new.

I'm supportive of having more conversations.

I am very concerned as Jennifer is about the implications and impacts on the budget.

The application fees -- this would be a subsidy of doing the application.

Does the application fee waiver, can it be targeted?

Can it be targeted inferred going to develop new housing as opposed to something else, or remodeling or something like that?

>> That's something we could come back to do, and I do want to clarify that annexation is required when they're looking to divide the land or build additional units, annexation is not required.

>> Zelenka: (inaudible) --

>> Bring back more information at that time.

>> Zelenka: The tax deferral, and the subsidization of services over that period of time and how that impacts the budget and also, Councilor Kashinsky said, I'm concerned about the unintended consequences of potential legislation where we get islands where it becomes difficult to do service provision like fire and other things.

>> Knudson: Councilor Clark.

>> Clark: Sorry.

Thank you mayor.

The only piece of information you left out, Alissa, that I would be very interested in kind of our question against my friend Alan's point, which is long-term addition tax base, once the potential 10-year period of any waiver expires.

If you're talking about dozens of new houses -- (Audio choppy) If we look at what's the long-term intelligent decision rather than the short-term cost?

>> Knudson: I'll go to Councilor Keating, and then back to councilor Leech.

>> Keating: Thanks for the presentation.

A lot of my questions were already asked by everyone.

But I have a little heartburn over the voluntary annexation language in that I'm cautious that it would be a way to skirt current urban growth boundaries.

Could you comment on that and help alleviate my concerns?

>> It's only the properties in the urban growth boundary.

This would not allow -- at least as I understand it, it's really about the annexation of properties inside the current urban growth boundary.

>> Clark: Okay.

>> So they wouldn't be going outside the urban growth boundary.

>> Keating: What got my attention was across the river.

>> You could think about -- the Willamette goes through Eugene.

So if there was a property across a body of water that was annexed on one side of the river and not the other, that property would be eligible.

>> Keating: Provided explicitly that it's within the UGB?

>> Yes.

I dropped that part out, but correct.

>> Keating: Thanks.

>> Knudson: Councilor Leech.

>> Leech: Thank you.

I just -- really quickly for anyone worried about budget issues, I totally understand, but if we are willing, and I know as a body we have been very willing to invest and incentivize large developments and large developers for increasing housing supply to the tune of

millions and millions of dollars, then we should be willing to incentivize our individual homeowners for dividing their larger lots which River Road and Santa Clara has the largest developable land if we look at lot size of anywhere in the city.

We should be able to be willing to invest in them as well and not only increase our housing supply, but also, makes properties more marketable for them, and increases their own wealth as individuals, and I think that just benefits a lot of people in this area so thank you.

>> Knudson: Thank you, council, and thank you, staff.

A lot of very helpful feedback.

And a really rich presentation.

I appreciate staff the work that you described under way with targeted outreach and the success with voluntary annexation, and I'm also interested for many of the other reasons just described.

It's important that we have a diversity of tools, and a scale of work.

We will get a chance to discuss this more and learn about some possible pilot programs and next, steps.

And so with that, I would like to thank you again for the presentation and discussion today and this concludes our work session agenda, and we are adjourned.