

ROUGHLY EDITED TRANSCRIPT
CITY OF EUGENE
WORK SESSION
JUNE 22, 2026
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>> MAYOR KNUDSON: GOOD EVENING AND WELCOME TO THE JUNE 22ND, 2026, CITY COUNCIL WORK SESSION.

THANK YOU FOR JOINING US IN THIS HYBRID MEETING FORMAT. THERE IS NO OPPORTUNITY FOR PUBLIC COMMENT AND CAN WATCH THE LIVE STREAM AVAILABLE ON THE WEBSITE, THE BROADCAST ON COMCAST CHANNEL 21.

OR BY FOLLOWING THE ACCESS INSTRUCTIONS LISTED ON THE CITY'S PUBLIC WEBCAST AND MEETINGS MATERIALS. IN CASE OF A MEDICAL EMERGENCY AND THE AUTOMATED EXTERNAL DEFIBRILLATOR IS LOCATED ON THE COUNTER BEHIND STAFF TO THE LEFT ON THE WEST SIDE.

IN CASE OF AN EMERGENCY, EVACUATION EXIT DOORS THROUGH THE DOUBLE DOORS LOCATED AT THE BACK OF THE ROOM AND THE DOORS TO THE PATIO CAN BE USED AS NEEDED FOR EMERGENCY EXIT.

THANK YOU FOR JOINING US.

I CALL THE JUNE 22ND WORK SESSION OF THE EUGENE CITY COUNCIL TO ORDER.

THE EUGENE CITY COUNCIL WILL MEET IN EXECUTIVE SESSION PURSUANT TO ORS 192.660, EXEMPT PUBLIC RECORDS.

REPRESENTATIVE OF THE NEWS MEDIA AND STAFF SHOULD BE ALLOWED TO ATTEND, ALL MEMBERS OF THE AUDIENCE ARE ASKED TO LEAVE THE MEETING AND REPRESENTATIVE OF THE NEWS MEDIA ARE DIRECTED NOT TO RECORD OR REPORT ON ANY OF THE DELIBERATIONS DURING EXECUTIVE SESSION EXCEPT TO STATE THE GENERAL SUBJECT OF THE SESSION AS PREVIOUSLY ANNOUNCED.

NO DECISION MAY BE MADE IN EXECUTIVE SESSION AND AT THE END WE WILL RETURN BACK TO OPEN SESSION AND WELCOME THE AUDIENCE BACK INTO THE PUBLIC WORK SESSION.

COUNCILORS WHO ARE REMOTE, PLEASE LOG OUT OF THE PUBLIC WORK SESSION AND LOG IN USING THE EXECUTIVE SESSION ZOOM INVITATION. WE WILL SEE YOU IN A MOMENT.

>> MAYOR KNUDSON: I CALL THE URBAN RENEWAL AGENCY MEETING TO ORDER AND I WILL TURN TO THE AGENCY DIRECTOR TO INTRODUCE OUR SECOND TOPIC, A WORK SESSION ON THE REDEVELOPMENT AND FINANCIAL ASSISTANCE.

>> THANK YOU. IN JANUARY YOU RECEIVED AN UPDATE ON THE PROJECT TO REDEVELOP THE PROJECT INTO NEW, MIXED INCOME HOUSING IN THE DOWNTOWN CORE AND AT THE WORK SESSION YOU HEARD ABOUT GROWING FUNDING GAPS AND FINANCIAL CHALLENGES APPROVING THE EXTENSION TO THE CLOSING DATE SO THE TEAM COULD PREPARE A REQUEST FOR ADDITIONAL FINANCIAL ASSISTANCE. TODAY WE WILL PROVIDE MORE INFORMATION ABOUT THE REQUEST AND BACKGROUND ON THE PROJECT FINANCIALS AND WE ARE HOPING THIS IS GOING TO BE GOOD NEWS FOR YOU TO HEAR.

>> THANK YOU.

GOOD EVENING.

I AM AMANDA DESOUSA, THE PROGRAM MANAGER AND COMMUNITY DEVELOPMENT DIVISION, I AM JOINED BY THE COMMUNITY DEVELOPMENT DIRECTOR. WE ARE HERE TODAY TO PROVIDE AN UPDATE ON THE REDEVELOPMENT OF 1059 WILL LEMON INTO A MIXED-USE, MIXED INCOME HOUSING PROJECT. THIS AIMS TO ADDRESS MANY CITY GOALS, NOT ONLY

PROVIDING MUCH-NEEDED HOUSING UNITS BUT PROVIDING THEM AT LEVELS THAT AREN'T TYPICALLY PRODUCED.

LOCATED ACROSS FROM THE DOWNTOWN STATION, THE HOUSEHOLDS IN THE TRANSIT ORIENTED DEVELOPMENT WOULD HAVE SMALLER CARBON FOR RENTS IN THE RESIDENCE WOULD BRING VIBRANCY TO A LONG, VACANT WALK IN THE DOWNTOWN CORE.

SPOKE ABOUT THIS PROJECT IN JANUARY WHEN WE LET YOU KNOW THE TEAM IS PREPARING A REQUEST FOR ADDITIONAL FINANCIAL ASSISTANCE.

THEY ESTIMATED WOULD BE IN THE SIX TO \$10 MILLION RANGE.

WE ARE BACK WITH THE REQUEST AND MORE DETAILS ABOUT THE PROJECT FINANCIALS.

TODAY YOU WILL CONSIDER THE FUNDING REQUEST AS THE AGENCY BOARD. IF YOU DECIDE TO APPROVE YOU WILL GAVEL IN AS CITY COUNCIL AND CONSIDER REVISIONS TO THE DEVELOPMENT AGREEMENT TERMS TO REFLECT THE FUNDING.

BEFORE WE TAKE THE SPECIFIC REQUEST, I WILL DO A QUICK RECAP OF THE PROJECT AND KEY MILESTONES.

AS A REMINDER WE ARE WORKING WITH A TEAM, BOTH ARE EXPERIENCED DEVELOPERS WITH A VARIETY OF MARKET RATE AND AFFORDABLE HOUSING PROJECTS THROUGHOUT THE PACIFIC NORTHWEST.

THE PROJECT THEY ARE LEAVING AND THAT YOU HAVE APPROVED INCLUDES 133 UNITS, 68 WOULD BE INCOME QUALIFIED TO 80% OF MEDIAN INCOME.

65 WOULD BE MARKET RATE. THE UNITS WOULD REMAIN AFFORDABLE FOR 35 YEARS, LONGER THAN THE MINIMUM 20 YEARS WE REQUIRE.

PROJECT WOULD OFFER RESIDENT SERVICES, COMMUNITY HOUSING, 10 UNITS DESIGNATED FOR HOPE AND SAFETY ALLIANCE.

THERE IS AN ACTIVE GROUND FLOOR WITH RETAIL SPACE, ART, PET AMENITIES, THE BUILDING IS ALL ELECTRIC AND COUNCIL AND THE AGENCY BOARD HAVE AUTHORIZED THE USE OF 1.84 MILLION DOLLARS FOR PERMITS AND OTHER PROJECT -RELATED COSTS.

I WILL WALK THROUGH SOME KEY MILESTONES.

THE BUILDING HAS BEEN VACANT SINCE 2013 WHEN THE COMMUNITY COLLEGE MOVED TO THE NEW DOWNTOWN CAMPUS.

IN 2019 WE BEGAN EXPLORING THE POSSIBILITY OF USING THE SITE TO PILOT A MIXED INCOME HOUSING PROJECT AND THAT YEAR LCC APPROVED SALE OF THE PROPERTY TO THE CITY.

WE ACQUIRED THE PROPERTY IN 2020 USING FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT DOLLARS.

AND A FEW MONTHS LATER THE COUNCIL APPROVED THE USE OF THE REQUEST FOR PROPOSALS FOR DISPOSITION OF THE SITE.

IT OUTLINED SEVERAL CRITERIA FOR THE PROJECT AND IDENTIFY THE AVAILABILITY OF \$1.1 MILLION FOR STC'S AND PERMITS, THAT WAS A COMBINATION OF DOWNTOWN URBAN RENEWAL FUNDS AND MODERATE INCOME HOUSING FEE COLLECTED FROM BORDEN LOFTS.

THE RFP WAS RELEASED AT THE END OF 2020 AND WE RECEIVED ONE RESPONSE THAT THE COUNCIL SELECTED IN JUNE OF 2021.

LATER THAT YEAR THE COUNCIL APPROVED DEAL POINTS FOR THE PROJECT AND IN MAY OF 2023 YOU APPROVED REVISIONS TO THE DEAL POINTS.

IN JUNE OF 2023, THE COUNCIL AMENDED THE DOWNTOWN URBAN RENEWAL PLAN INCREASING THE SPENDING LIMIT BY \$50 MILLION AND EMPHASIZED THE INTENT TO USE THE MAJORITY OF THE FUNDING TO SUPPORT NEW HOUSING IN THE DOWNTOWN CORE.

IN FEBRUARY OF 2024, YOU APPROVED THE PROJECT AND REVISED DEAL POINTS AND ON THE SAME DAY THE BOARD APPROVED AN ADDITIONAL 740,000 OF URBAN RENEWAL FUNDS.

FINALLY IN JANUARY OF THIS YEAR WE PROVIDED COUNCIL WITH AN UPDATE ON THE PROJECT LETTING YOU KNOW ABOUT THE FINANCING CHALLENGES AND ASKING IF YOU WANTED TO GIVE THE DEVELOPMENT TEAM MORE TIME TO REFINE THE REQUEST FOR ADDITIONAL FUNDING. WHICH IS WHAT WE ARE PRESENTING TODAY.

BEFORE WE DIG INTO TODAY'S SPECIFIC ASK I WANT TO ADDRESS THAT TWO YEAR GAP IN THE TIMELINE BETWEEN 2024 AND 2026.

AFTER COUNCIL AND THE AGENCY BOARD TOOK THE ACTIONS IN FEBRUARY OF 2024, THE DEVELOPMENT TEAM WAS FULL STEAM AHEAD ON THE PROJECT FINALIZING THE DESIGN, SOLICITING BIDS WITH THE GENERAL CONTRACTOR, COMPLETING THE ENVIRONMENTAL REVIEW AND APPLYING FOR AND RECEIVING APPROVAL ON THE BUILDING PERMITS.

EVERYTHING THEY NEEDED TO START CONSTRUCTION IN EARLY 2025.

AT THE TIME THEY RECEIVED COMMITMENT FROM A DOUBLE BOTTOM LINE EQUITY INVESTOR.

THAT MEANS THE INVESTOR EVALUATES THE FINANCIAL MERITS OF THE PROJECT AND THE SOCIAL IMPACTS AND THEY ARE WILLING TO INVEST IN PROJECTS THAT RESULT IN FINANCIAL RETURNS THAT ARE LESS THAN THEY COULD GET ELSEWHERE.

THE INVESTOR WAS INTERESTED IN THE PROJECT BUT WERE UNABLE TO PROVIDE THE FULL EQUITY NEEDED FOR THE PROJECT DUE TO UNEXPENDED FUNDING NEEDS OF PROJECTS THAT WERE ALREADY UNDERWAY.

THE INVESTOR CONTINUED TO REITERATE THEIR INTERESTS UP BY THE FALL OF LAST YEAR AFTER THEY WERE UNABLE TO FULLY COMMIT TO FUND THE AVAILABILITY, THE TEAM WENT BACK TO THE DRAWING BOARD.

THAT IS WHY WE ARE HERE TODAY.

WITH THAT I WILL PRESENT THE FINANCIAL REQUEST YOU ARE CONSIDERING.

I WILL REMIND YOU WHAT HAS BEEN COMMITTED, THE CITY AND AGENCY HAVE COMMITTED \$1.84 MILLION FOR STC, PERMIT, DEMOLITION AND ABATEMENT.

THE CITY WILL PROVIDE THE LAND AT APPRAISED VALUE, ONE DOLLAR AS PART OF OUR LAND ACQUISITION PROGRAM.

AND THE COUNCIL APPROVED A 10 YEAR PROPERTY TAX EXEMPTION FOR THE PROJECT.

TODAY THE AGENCY BOARD WILL CONSIDER WHETHER TO APPROVE THE DEVELOPMENT TEAM REQUEST FOR UP TO \$8.66 MILLION OF ADDITIONAL DOWNTOWN URBAN RENEWAL FUNDS.

THAT WOULD BRING THE TOTAL CONTRIBUTION TO 10.5 MILLION.

WE ARE LOOKING AT WHETHER THERE IS AN OPPORTUNITY TO BLEND SOME OF THE REQUEST WITH THE DOWNTOWN LOAN.

ADDITIONAL FUNDS WOULD BE USED FOR HARD AND SOFT CONSTRUCTION COSTS INCLUDING PREVAILED WAGES, WHICH THE PROJECT WOULD BE REQUIRED TO PAY.

I WILL HAND IT OFF TO TALK ABOUT THE PROJECT FINANCIALS.

>> HELLO, ECONOMIC DEVELOPMENT MANAGER. THE TEAM SHARED FINANCIAL DETAILS WITH STAFF ABOUT THE PROJECT.

THEY PROVIDED US WITH THE TOTAL DEVELOPMENT BUDGET INCLUDING THE COST ESTIMATE FROM THE GENERAL CONTRACTOR.

THE TOTAL DEVELOPMENT COST IS \$38.7 MILLION.

RIGHT NOW THEY HAVE THREE SOURCES OF FUNDS TO COVER THE COST, THE \$38.7 MILLION.

FIRST, THEY HAVE A BANK LOAN FOR 20.5.

THE BANK HAS LIMITED THE LOAN TO AN AMOUNT THAT HAS A DEBT COVERAGE RATIO OF 1.25.

THAT IS THE BANK ONCE THE BUILDINGS NET OPERATING INCOME TO BE 125% OF THE MORTGAGE PAYMENT.

IT IS A STANDARD TERM REQUIRED BY THE BANK. THE NET OPERATING INCOME WHICH IS REFERRED TO AS THE MEANS, THE RENT, MINUS ALL THE OPERATING COSTS EXCEPT THE DEBT SERVICE.

BASED ON THIS PROJECT NY, THE INTEREST RATE THE BANK IS WORKING WITH AND THE AMORTIZATION PERIOD, THE LENDER IS WILLING TO LOAN THEM NO MORE THAN \$20.5 MILLION.

THE SECOND SOURCE OF FUNDS IS FROM PRIVATE EQUITY INVESTORS WHO HAVE COMMITTED \$7.7 MILLION.

THEY HAVE LIMITED THE INVESTMENT TO AN AMOUNT THAT WILL GIVE THEM AN ACCEPTABLE RETURN, A LARGER INVESTMENT WOULD YIELD A LOWER RETURN RATE AND THEY AREN'T WILLING TO DO THAT.

INVESTORS HAVE OTHER INVESTMENT OPTIONS INCLUDING THE STOCK MARKET.

THE DEVELOPMENT TEAM HAS WORKED TO FIND OTHER INVESTMENT OPTIONS THAT WOULD BRING MORE FUNDS TO THE PROJECT. AND THE CAPITAL STOCK BUT THIS IS WHERE THEY HAVE LANDED AFTER WORKING TO CULTIVATE INVESTORS FOR ALMOST 2 YEARS.

THE CITY AND AGENCY HAVE COMMITTED \$1.84 MILLION.

THERE IS A GAP OF ABOUT \$8.66 MILLION.

THE AGENCY IS BEING ASKED TO FILL THAT GAP.

IT'S A BIG GAP.

THAT IS HOW YOU ARE GOING TO COVER THE TOTAL DEVELOPMENT COST OF THE 38.7.

AN IMPORTANT METRIC FOR THE LENDER AND THE INVESTORS TO CONSIDER IS THE VALUE OF THE BUILDING AFTER IT IS CONSTRUCTED AND FULLY OCCUPIED.

IT WILL COST \$38.7 MILLION TO BUILD ITS MARKET VALUE IS A DIFFERENT MATTER.

THE TEAMS LENDER -- AN APPRAISAL OF THE BUILDING AT APPRAISED THE VALUE AFTER IT HAS BEEN COMPLETED AND REACHED STABILIZED OCCUPANCY.

THE ANALYSIS IS FROM AN INDEPENDENT THIRD-PARTY HIRED BY THE BANK AND GROUND TRUTH ALL THE ASSUMPTIONS INCLUDING THE RENT,

OPERATING COSTS, JUST TO KEEP THE BANK OPERABLE WITH THEIR LOAN.

THEY HAVE ESTIMATED THE APPRAISED VALUE IS MORE THAN 10% LOSS THAN THE COST TO BUILD THE PROJECT.

SO GIVEN THE EXISTING COST OF CONSTRUCTION, COST OF BORROWING, EXPECTED RETURN TO EQUITY TO THE INVESTORS AND THE INCOME RESTRICTED RENTS AND THE ACHIEVABLE MARKET RATE RENT THIS PROJECT NEEDS MORE PUBLIC INVESTMENT FOR IT TO MOVE FORWARD.

I AM GOING TO HAND IT BACK TO AMANDA TO GO OVER HOW THIS FITS INTO THE DOWNTOWN URBAN RENEWAL PLAN AND NEXT STEPS.

>> A LITTLE BIT OF CONTEXT OF HOW THIS FITS INTO THE DISTRICT. AS YOU RECALL THE COUNCIL 2023 AMENDMENT TO THE DOWNTOWN URBAN RENEWAL PLAN RAISED THE MAXIMUM SPENDING LIMIT BY \$50 MILLION.

THIS TABLE SHOWS THE ESTIMATED ALLOCATION FOR EACH OF THE THREE BUCKETS OF ELIGIBLE ACTIVITIES.

AND HOW MUCH HAS BEEN SPENT OR ALLOCATED IN EACH.

SOME SPENDING HAS OCCURRED, MOST NOTABLY IN THE ACQUISITION OF THE NORTH BUTTERFLY LOT REPARTEE AND ALLOCATING FUNDS FOR THE DOWNTOWN HOUSING FEE ASSISTANCE PROGRAM, THE BULK OF THE FUNDS REMAIN AVAILABLE.

FURTHERMORE AS DISCUSSED IN 2023, ANY OF THE FUNDS CAN BE SPENT IN ANY OF THESE CATEGORIES. THE 2023 ESTIMATES WERE ONLY FOR PLANNING PURPOSES.

CURRENTLY WE ESTIMATE \$29.3 MILLION IS AVAILABLE FOR ALLOCATION.

THIS IS BASED ON ACTUAL SPENDING AND ESTIMATED FUTURE COMMITMENTS.

IF THE FUNDING IS APPROVED AND THE ESTIMATED \$20.7 MILLION WOULD REMAIN AVAILABLE.

ALLOCATING ADDITIONAL FUNDING IS AN ELIGIBLE ACTIVITY AND WOULD FALL UNDER SECTION 600 SEE, THE BUCKET FOR EMERGING PROJECTS DIRECTED OR INITIATED BY THE BOARD.

IF THE AGENCY BOARD APPROVES FUNDING TODAY, COUNCIL WILL NEED TO APPROVE REVISIONS TO THE DISPOSITION AND DEVELOPMENT AGREEMENT TERMS.

FIRST THE FINANCIAL ASSISTANCE TERM WILL NEED TO BE REVISED TO ACCOUNT FOR THE FUNDING INCREASE.

WE WOULD ALSO ASK COUNCIL TO CONSIDER A BRIEF EXTENSION TO THE CLOSING DATE.

AS A REMINDER, THE JANUARY WHAT EXTENDED CLOSING DEADLINE TO AUGUST 3RD. BASED ON COMMITMENTS MADE BY THE EQUITY INVESTOR AND LENDER, THE DEVELOPER IS WORKING TO CLOSE ON THE PROJECT AND START CONSTRUCTION IN AUGUST.

IF THE FUNDING IS APPROVED, WE WILL WORK WITH THE DEVELOPMENT TEAM TO CONTINUE THE PIECES TO CLOSE ON THE DEAL AND START CONSTRUCTION AS SOON AS FEASIBLE.

THE REQUEST IS FOR COUNCIL TO EXTEND CLOSING BY TWO MONTHS AS A BUFFER AND BECAUSE NO OTHER EXTENSIONS ARE ALLOWED UNDER THE CURRENT AGREEMENT.

AS A REMINDER, TODAY YOU WILL CONSIDER THE FUNDING REQUEST AND REVISED TERMS.

IF THE AGENCY BOARD CHOOSES NOT TO APPROVE THE FUNDING REQUEST, THE DEVELOPER HAS STATED THEY WOULD NOT BE ABLE TO MOVE FORWARD WITH THE PROJECT AS APPROVED AND WE WOULD COME BACK TO DISCUSS WHERE TO GO FROM HERE.

THERE ARE A FEW PATHS FORWARD BUT BECAUSE WE USED FEDERAL DOLLARS TO ACQUIRE THE SITE, WE MUST IMPLEMENT A PROJECT WITH AT LEAST HALF THE UNITS AFFORDABLE TO AT LEAST 80% OF AREA MEDIAN INCOME.

IT IS LIKELY ANY DEVELOPER WILL FACE SIMILAR HEADWINDS.

PIVOTING TO AN AFFORDABLE PROJECT WOULD PROJECT A QUEUE FOR STATE FUNDING.

WITH THAT WE WILL HANDED BACK TO THE MAYOR AND ARE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

>> MAYOR KNUDSON: I WILL OPEN UP THE FLOOR. I HAVE COUNCILOR ZELENIKA AND COUNCILOR GROVES IN THE QUEUE.

>> ZELENIKA: I THINK HOUSING AND HOMELESSNESS ARE THE BIGGEST PROBLEMS FACING THE CITY FOR THAT MATTER.

AND I HAVE SAID MANY TIMES, HOMELESSNESS IS THE SYMPTOM IN THE CAUSE IS LACK OF MENTAL HEALTH PROGRAMS, AFFORDABLE HOUSING, LACK OF PROGRAMS AND WHAT WE GET IS SUBSTANCE, HOMELESS PEOPLE, THAT MAKES FROM THAT MIX.

SO A PLACE WE CAN DO THE MOST IS IN THE AFFORDABLE HOUSING PART.

WE DESPERATELY NEED MORE AFFORDABLE HOUSING.

THIS IS A VERY UNIQUE PROJECT IN MY HISTORY OF THE CITY.

IN THAT IT COMBINES AFFORDABLE HOUSING WITH MARKET RATE HOUSING AND I DON'T KNOW IF THERE ARE ANY PROJECTS THAT HAVE DONE THAT BEFORE.

SO I HAVE BEEN ASKING FOR SEVERAL YEARS HOW MANY AFFORDABLE HOUSING UNITS DO WE GET FROM MARKET THAT WE DON'T SUBSIDIZE?

UNSUBSIDIZED, THE ANSWER IS ZERO.

WE ONLY GET AFFORDABLE HOUSING THAT IS SUBSIDIZED SO IF WE WANT AFFORDABLE HOUSING, WE NEED TO PAY FOR IT.

SO IF WE NEED MORE AFFORDABLE HOUSING.

IT SEEMS LIKE AN APPROPRIATE USE, THAT IS WHY WE ALLOCATED IT FOR HOUSING.

AND WITHOUT IT, AS THEY SAID, WE WILL GET ZERO AFFORDABLE HOUSING UNITS AND GET ALL MARKET-BASED UNITS AND THAT IS A BAD OUTCOME FOR ME.

I THINK IT IS A GOOD PROJECT. IT WILL PUT MORE EYES DOWNTOWN, WHAT WE HAVE BEEN TALKING ABOUT FOR YEARS, AFFORDABLE HOUSING IN THAT 60-80% AMI, THERE IS NOT MANY IF ANY THAT ARE IN THAT SPACE.

IT HAS A 35 YEAR AFFORDABLE HOUSING TERM WHICH IS GREAT, UP FROM 20, THE ONLY ONE I HAVE VOTED FOR. BECAUSE OF THAT.

UNITS FOR WOMEN'S SPACE, ALL ELECTRIC IS GREAT, PET FRIENDLY, I THINK THOSE MAKE IT A GOOD PROJECT.

AND IT'S IN AN INTERESTING PLACE SO YES, COSTS HAVE GONE UP, IF WE WAIT, THEY ARE GOING TO GO UP MORE.

IT'S ONLY GOING TO GET WORSE.

WHILE I PUSHED FOR A MAJORITY OF FUNDS TO GO TOWARDS HOUSING, WHILE I AM STILL NOT A FAN OF URBAN RENEWAL DISTRICTS, I AM IN FAVOR OF USING EXISTING DOWNTOWN URBAN RENEWAL DOLLARS FOR THIS PURPOSE.

>> GROVES: THANK YOU VERY MUCH FOR THE PRESENTATION.

LIKE COUNCILOR ZELENKA, I SUPPORT THIS FOR A NUMBER OF REASONS.

I AM HAPPY IT IS GOING TO BE -- THAT IS GOOD FOR LABOR, OUR COMMUNITY, I AM CURIOUS ABOUT THIS FUNDING STACK.

I AM LOOKING AT TWO AREAS, THE BANK LOAN AND THE PRIVATE EQUITY INVESTMENTS.

I KNOW OTHERS AN ALL WOMEN LED FINANCIAL GROUP INVOLVED IN THIS OUT OF NEW YORK. ARE THEY PART OF THE PRIVATE EQUITY INVESTMENT OR THE BANK?

>> THEY ARE PART OF THE PRIVATE EQUITY.

>> GROVES: THAT MAKES SENSE AND THAT IS SOMETHING I THINK WE SHOULD ALL UNDERSTAND WHAT THIS IS. THEY ARE PUSHING FOR GREEN CONSTRUCTION, THEY ARE PUSHING FOR, TAKING LESS IN THE WAY OF RETURN ON THEIR INVESTMENT DOLLARS THAN OTHERS MIGHT AGREE TO.

THEY ARE TRYING TO HELP WITH AFFORDABLE HOUSING, WHICH I AGREE WITH COUNCILOR ZELENKA, OUR TWO BIGGEST ISSUES ARE HOUSING AND HOMELESSNESS.

OR TWO OF OUR BIGGEST ISSUES ANYWAY. DEPENDS ON THE DAY.

THIS SPEAKS TO ALL OF THOSE PLUS OUR DOWNTOWN NEEDS A SPARK LIKE THIS IN ORDER TO INCENT MORE DEVELOPMENT.

ALL YOU HAVE TO DO IS LOOK AT OUR DOWNTOWN AND THE THINGS GOING ON, BEHAVIORAL ISSUES, LOOK AT THE MAP, IT SHOWS HOW MUCH THE DOWNTOWN CARRIES IN THE WAY OF PROPERTY TAX FOR OUR ENTIRE COMMUNITY.

THERE IS JUST TO ME, I HATE SPENDING MORE MONEY LIKE EVERYBODY DOES AND I HATE SEEING THE STARTING DATE PUSHED BACK EVEN FURTHER.

BUT AT THE SAME TIME, THAT IS THE COST OF DOING BUSINESS THESE DAYS.

AND THIS ISN'T GOING TO GET BUILT ON ITS OWN. WE HAVE A GREAT DEVELOPER, LOCAL DEVELOPER WHO LIVES HERE, THEY WILL HAVE TO DRIVE BY THE BUILDING EVERY DAY.

I LIKE THAT BECAUSE I DIDN'T THINK WE DON'T END UP WITH SOME OF THE OTHER PROJECTS WE'VE HAD.

I AM A YES ON THIS.

LET'S GET IT GOING. THANK YOU.

>> KEATING: THANK YOU, EVERYTHING MY COLLEAGUES SAID, THANK YOU, STAFF FOR THE WORK.

BACK IN 2023 I WAS QUOTED AS APPLAUDING THIS MIXED-USE AFFORDABLE HOUSING AND MARKET RATES, MARKET RATE APPROACH.

IT IS EASY FOR ME TO SAY. I CANNOT WAIT NOT ONLY TO SEE CRANES IN THE AIR BUT SEE THE HOMES ON A TRANSIT LINE IN THE HEART OF OUR DOWNTOWN.

CHECKING ALL THE BOXES AS COLLEAGUES HAVE MENTIONED.

THE PET AMENITIES, ALL ELECTRIC, WAY TO LEAD WITH VALUES.

ATTEND UNITS FOR THE HEALTH AND SAFETY ALLIANCE FOR SURVIVORS OF DOMESTIC VIOLENCE.

AND OF COURSE THE PREVAILING WAGE PIECE.

I AM VERY EXCITED ABOUT THE LABOR ELEMENT AND I AM CURIOUS, DO WE HAVE FOR URBAN RENEWAL PROJECTS OR FOR MUNICIPAL PROJECTS MORE BROADLY, DO WE HAVE A CITYWIDE PLA, PROJECT LABOR AGREEMENT OR COMMUNITY BENEFITS AGREEMENT THAT ALLOWS FOR THE CITY NOT ONLY TO PAY THESE WAGES ON PROJECTS LIKE THIS BUT TO ALSO EMBRACE RESPONSIBLE LABOR PRACTICES INCLUDING BUT NOT LIMITED TO FULL FAMILY BENEFITS, LOCALLY SOURCED MATERIALS, AND PREFERENCE TO WOMEN AND/OR MINORITY OWNED CONTRACTORS?

>> WE DO NOT HAVE A SYSTEM IN PLACE FOR THE RENEWAL DISTRICT BUT THE TWO ASPECTS WE DO, I CAN SPEAK TO WHAT YOU ARE TALKING ABOUT.

WHEN WE REACH THOSE THRESHOLDS THEY PAY PREVAILING WAGE SO WE COMPLY WITH STATE REQUIREMENTS AND THE CITY OF EUGENE THROUGH THE PROGRAM DOES A LOT OF WORK WITH SUPPORTING MINORITY WOMEN OWNED SMALL BUSINESSES AND WE HAVE GUIDANCE WE OFFER THROUGH THE CITY AND ALSO SOMETHING WE EXPECT FROM THE DEVELOPERS THAT THEY SHOW US A PLAN, HIRING STRATEGY AND DOCUMENT THE DIFFERENT FIRMS THEY USE.

>> KEATING: SO THAT AS PART OF THE DEAL AT PRESENT?

THAT IS GREAT. I WOULD LOVE TO SEE THIS AMPLIFIED. EVEN MORE.

THANK YOU FOR THAT.

IT WAS MENTIONED WE COULD BLEND SOME OF THAT REQUEST WITH A DOWNTOWN LOAN.

SOME OF THAT \$38.7 MILLION. COULD YOU EXPAND ON THE DOWNTOWN LOAN PART?

>> WE HAVE A BUSINESS LOAN PROGRAM THAT WAS CAPITALIZED WITH URBAN RENEWAL FUNDS THAT IS PART OF THE DISTRICT.

WE ARE LOOKING AT A MIX OF TAX INCREMENT FROM THE DISTRICT WITH SOME OF THE LOAN PROGRAM WHICH SOME OF THAT WOULD GET REPAYED BACK TO THE LOAN PROGRAM.

SO WE DON'T KNOW WHAT THAT MIX IS BUT IT WOULD ALLOW US TO HAVE A SLIGHTLY SMALLER, PERMANENT CONTRIBUTION BUT IT WOULD JUST BE A LOAN.

>> KEATING: THANK YOU. IT WAS MENTIONED AFTER COMPLETE AND I CAN'T READ MY OWN WRITING, STABLE OCCUPANCY.

WHAT IS THE RISK AND AT WHAT POINT SINCE IT IS A BLEND OF MARKET RATE AND AFFORDABLE HOUSING, AT WHAT POINT TO THE RESIDENCE RISK A CHANGE IN OWNERSHIP OR CHANGE AN APPROACH.

IS IT A 10-YEAR COMMITMENT, 20 OR COMMITMENT, 30 YEARS?

HOW LONG CAN THIS BODY SAY TO OUR PARTNERS AND THE PERSPECTIVE RESIDENTS WHO ARE 80% OF AMI, ROUGHLY HALF OF THE TENANTS OF PERSPECTIVE TENANTS THAT YOU ARE LOCKED IN.

WE WANT YOU TO LIVE HERE AND WE ARE NOT GOING TO PULL THE RUG OUT FROM UNDER YOU A DECADE DOWN THE ROAD.

>> THE INVESTMENT TEAM, THE BUSINESS MODEL IS ON A FIVE-YEAR TIME HORIZON. THE PROJECT WHAT HAVE I BELIEVE IT IS TIED INTO THE DEED, A COMMITMENT OF 35 YEARS TO THOSE INCOME QUALIFIED UNITS. ONE WE ISSUED THE RFP WE ASKED FOR A 20-YEAR COMMITMENT FOR THE INCOME QUALIFIED BUT THIS TEAM CAME BACK WITH A PROPOSAL TO COMMIT TO 35 YEARS AND IT WOULD BE WRITTEN INTO THE DEED AND WE WOULD DO AN ANNUAL CHECKUP ON THE RENT TO MAKE SURE THEY ARE MEETING THAT GOAL.

>> THANK YOU FOR MAKING THAT CLEAR. WE SHOULD BE LEADING WITH THAT AS WELL. THAT IS A PHENOMENAL PIECE. APPRECIATE THE WORK ON THIS AND I COULDN'T BE MORE ENTHUSIASTIC ABOUT SUPPORTING THIS ADDITIONAL INVESTMENT.

>> YEH: THANK YOU. FIRST, I WANT TO THANK THE STAFF AND THE DEVELOPERS AND THE COMMUNITY MEMBERS AND EVERYONE WHO HAS STUCK WITH THIS PROJECT FOR SO LONG.

I AM SURE LIKE MANY OF YOU I HAVE BEEN WALKING PAST THIS BUILDING FOR MANY YEARS.

IMAGINING HOW IT COULD BE SO MUCH BETTER IN THE FUTURE.

THIS PROJECT IS AN AMAZING WAY FOR US TO INVEST IN OUR COMMUNITY, TO PEOPLE, OUR DOWNTOWN.

AND WHILE HAVING A LARGER PRICE TAG IS NOT ALWAYS OUR FAVORITE THING BECAUSE WE LIKE TO SPREAD MONEY AROUND. IF I AM GOING TO PUT MONEY TOWARD SOMETHING THAT IS GOING TO MATTER I FEEL LIKE THIS IS ONE OF THOSE PROJECTS THAT REFLECTS THE VALUES OF EUGENE, THE VALUES OF THIS COUNCIL, HAS MADE A COMMITMENT TO, I AM GLAD TO HEAR MY COLLEAGUES WHO HAVE SPOKEN ARE ALSO SEEING THE VALUE IN THE PROJECT AND WANT TO SEE IT THROUGH TO COMPLETION.

HERE IN OUR COMMUNITY. MY ONLY QUESTION IS, IT SOUNDS LIKE THIS LOAN MIX THING IS GOING TO HAPPEN AUTOMATICALLY OR DO WE NEED TO GIVE YOU SOME DIRECTION IN OUR MOTION ASK

>> IT WON'T HAPPEN AUTOMATICALLY.

IT WOULD BE A LOT OF ANALYSIS BACK AND FORTH TO MAKE SURE WE ARE NOT RISKING THE LOAN PROGRAM TOO MUCH.

AND YET WE WANT TO MINIMIZE HOW MUCH TIF WE USE FOR THE REASONS WE CAN SPREAD IT AROUND IN THE FUTURE BUT THAT WOULD BE ON THE STAFF SIDE AND YOU WON'T HAVE TO MAKE ANY RECOMMENDATION ON THAT.

>> YEH: THANK YOU FOR WORDING THAT BETTER. THANK YOU SO MUCH. I APPRECIATE IT.

>> KASHINSKY: THANK YOU.

THANK YOU BOTH TO THE STAFF TEAM WHO IS THERE WHO HAS BEEN WORKING VERY HARD ON THIS PROJECT AS WELL AS THE DEVELOPER AND EVERYONE ELSE WORKING.

I WILL ECHO WHAT MANY OF MY COLLEAGUES SAID ABOUT THE VALUE AND SORT OF HOW EXCITING THIS PROJECT IS.

I DO HAVE A COUPLE QUESTIONS ABOUT THE ADDITIONAL MONEY.

I WILL SAY I FEEL LIKE THIS IS A SUBSTANTIAL INCREASE IN WHAT WAS EXPECTED TO BE THE EUGENE CONTRIBUTION FOR THIS PROJECT AND I AM A LITTLE WORRIED BECAUSE THIS IS COMING AT THE END OF THE

GAME WE ARE NOT REALLY DOING, WE ARE KIND OF IN THIS PLACE WHERE WE NEED TO INVEST THIS OR THIS IS GOING TO FAIL.

AND NOT REALLY HAVING THE CONVERSATION ABOUT IS THIS THE MOST EFFICIENT AND BEST WAY TO INVEST THIS MONEY?

SO ONE OF THE THINGS I WANTED TO ASK ABOUT IS, IS THERE A POSSIBILITY TO EXTEND THE TERM BY WHICH THE HOUSING THAT IS SET ASIDE TO BE INCOME LIMITED, AFFORDABLE HOUSING WOULD NEED TO STAY THAT WAY?

I KNOW YOU SAID IT WAS BEING ASKED FOR 20, NOW 35, THE PROJECT IS ASKING FOR A SUBSTANTIALLY MORE INCREASED FINANCIAL CONTRIBUTION FROM TAXPAYER DOLLARS.

AND WANTING TO HAVE THAT EXPLICIT TAXPAYER BENEFIT LAST LONGER IN CONJUNCTION WITH THAT, SEEMS REASONABLE.

>> I THINK THE AGREEMENT WITH THE TEAM SO FAR HAS BEEN 35 YEARS SO IT WOULD BE CHANGING THE GROUND RULES WITH WHICH WE HAVE AGREED TO ALREADY.

ALTHOUGH ANYTHING AS POSSIBLE. HOWEVER, IN 35 YEARS, IN THE YEAR 2060 THE BUILDING WILL HAVE HAD 35 YEARS OF WEAR AND TEAR. WHICH MEANS IT WON'T BE ABLE TO ACHIEVE TOP OF THE MARKET RENTS BECAUSE IT WILL BE AN OLD BUILDING UNLESS THEY SUBSTANTIALLY REINVEST TO RENOVATE SO IT IS VERY LIKELY THIS BUILDING WILL BE OFFERING MORE AFFORDABLE RENT TO THE MIDDLE OF THE MARKET IN 2060 JUST BY VIRTUE OF ITS AGE.

>> I WILL ADD OTHER AFFORDABLE HOUSING TOOLS, THOSE AVAILABLE AT THE STATE REQUIRE AN AFFORDABILITY BETWEEN THE 30 AND 60 YEAR RANGE.

I WOULD SAY IT IS ON THE TABLE OF FEASIBILITY.

>> KASHINSKY: I HAD A SECOND QUESTION, IN ONE OF THE SLIDES THAT THIS WOULD BE LISTED OR GO TO THE EMERGING PROJECTS, URBAN RENEWAL BUCKET.

WHY WOULDN'T IT BE THE HOUSING BUCKET?

>> THAT IS A GOOD QUESTION. THE WAY THE PLAN IS OUTLINED, WE HAVE THREE BUCKETS, HOUSING, PHYSICAL IMPROVEMENTS TO ADDRESS SAFETY AND COMFORT AND EMERGING PROJECT.

THE HOUSING MAKES ELIGIBLE, DEVELOPMENT FEE ASSISTANCE, USING URBAN RENEWAL DOLLARS FOR PERMITS AND THE SECOND ACTIVITY WAS REAL PROPERTY ACQUISITION AND DISPOSITION SO IT IS VERY LIMITED ACTIVITIES UNDER THE HOUSING BUCKET AND THIS EMERGING PROJECTS BUCKET WAS WHERE WE PUT ALL THE OTHER THINGS THAT THE AGENCY MIGHT BE INTERESTED IN SEEING BUT WANTED TO BE SURE TO HAVE MULTIPLE STEPS AND HAVE A CHANCE TO VENT ANY REQUESTS THAT CAME THROUGH SO WITHIN THE BUCKET IS THE OTHER DEVELOPMENT SUPPORT IN ANTICIPATION THERE COULD BE PROJECTS THAT WOULD NEEDS FINANCIAL SUPPORT BEYOND THE PERMITS.

>> KASHINSKY: THANK YOU.

I VERY MUCH WANT TO SEE THIS BECOME COMPLETED.

I AM CONCERNED ABOUT THE AMOUNT OF THIS ASK.

I KNOW THIS WAS DESCRIBED AS A PILOT FOR TRYING TO DO MIXED INCOME WHERE YOU HAVE AFFORDABLE AND MARKET RATE IN THE SAME BUILDING.

I WANT TO SEE THIS MOVE FORWARD BUT I DO THINK WE SHOULD TAKE SOME TIME WITH WHAT ARE SOME LESSONS WE LEARN FROM THIS PILOT.

BECAUSE I FEEL LIKE THIS ENDED UP BEING SUBSTANTIALLY MORE EXPENSIVE AND SUBSTANTIALLY MORE, LESS ABLE TO MOVE FORWARD THEN I THINK WE HOPED AND THAT IS GOING TO COME UP I THINK IF WE ARE PROPOSING TO LOOK AT SIMILAR PROJECTS IN THE FUTURE. THANK YOU.

>> CLARK: THANK YOU, MAYOR.

I AGREE CONSIDERABLY WITH SEVERAL OF MY COLLEAGUES AT THE TABLE.

A COUPLE YEARS AGO WHEN I VOTED TO EXPAND THE DOWNTOWN URBAN RENEWAL DISTRICT, THIS IS THE REASON, RIGHT HERE.

FOR US TO BUILD MORE HOUSING AND MAKE IT MORE AFFORDABLE TO PEOPLE IN OUR COMMUNITY.

THAT IS WHAT THIS WILL DO. AND I CAN'T VOTE YES FAST ENOUGH ON THIS PARTICULAR QUESTION.

I THINK IT IS A VERY GOOD USE, YES, IT IS MORE TAXPAYER DOLLARS BUT THERE IS A TAXPAYER BENEFIT.

THERE IS A COMMUNITY BENEFIT. THE PEOPLE WHO ARE GOING TO FINALLY HAVE SOMETHING IN OUR DOWNTOWN CORE THEY CAN RENT AND LIVE IN THAT IS MORE AFFORDABLE.

MORE AFFORDABLE HOUSING DOWNTOWN HASN'T BEEN BUILT IN A VERY LONG TIME.

IT'S HIGH TIME WE GET BUSY DOING MORE OF IT IN MY OPINION.

SO THANK YOU VERY MUCH FOR ALL THE HARD WORK.

>> MAYOR KNUDSON: I WILL TURN TO THE AGENCY PRESIDENT TO PUT A MOTION FORWARD.

>> LEECH: THANK YOU, I MOVE TO APPROVE THE USE OF UP TO 8.6 MILLION DOLLARS OF ADDITIONAL DOWNTOWN URBAN RENEWAL TAX INCREMENT FUNDS TO SUPPORT THE 1059 LIMIT PROJECT.

>> MAYOR KNUDSON: ANY FURTHER DISCUSSION?

SEEING NONE I WILL TAKE A VOTE FOR THIS MOTION.

ALL IN FAVOR, PLEASE RAISE YOUR HANDS.

ALL OPPOSED IS ZERO AND THE MOTION PASSES WITH A VOTE OF 8-0.

TAKE YOU, I CLOSE THE JUNE 22ND, 2026, URBAN RENEWAL AGENCY MEETING AND CALL THE JUNE 22ND CITY COUNCIL WORK SESSION TO ORDER.

AND I WILL TURN BACK TO THE CITY MANAGER TO INTRODUCE THIS ITEM, THE CONTINUED WORK SESSION, 1059 AND REVISED TERMS.

>> NO INTRODUCTION DONE IN MY EARLIER COMMENTS.

>> MAYOR KNUDSON: THANK YOU SO MUCH.

ANY FURTHER DISCUSSION, QUESTIONS FOLLOWING UP?

SEEING NONE I WILL TURN TO THE COUNCIL PRESIDENT TO PUT A MOTION FORWARD.

>> I MOVE TO APPROVE THE REVISED TERMS SHOWN IN STRIKETHROUGH AND BOLD TEXT IN ATTACHMENT A.

>> MAYOR KNUDSON: ANY FURTHER DISCUSSION?

SEEING NONE I WILL TAKE A VOTE FOR THIS MOTION. ALL IN FAVOR?

EIGHT WITH ZERO OPPOSED AND THE MOTION PASSES. UNANIMOUSLY WITH A VOTE OF 8-0.

I KNOW WE ARE PRESSED FOR TIME IN MOVING THROUGH THAT AND A LOT OF IMPORTANT WORK TODAY BUT I WANT TO TAKE A MOMENT TO APPLAUD THIS BODY AND RECOGNIZE THIS MILESTONE BECAUSE AS WAS

DISCUSSED, AND THE PRESENTATION FROM STAFF, THIS IS AN ACCOMPLISHMENT THAT HAS BEEN WORKED TOWARDS INCREMENTALLY OVER NOT JUST YEARS BUT DECADES.

WE HAVE TALKED FOR A LONG TIME ABOUT WANTING TO SEE MORE HOUSING IN OUR CITY CENTER, WANTING FOR THERE TO BE TRANSIT ORIENTED DEVELOPMENT IN OUR COMMUNITY, ALL ELECTRIC, DENSE, URBAN BUILDINGS AS PART OF THE FABRIC OF OUR CITY. AND WANTING TO SEE LOCAL TEAMS AND DEVELOPING PARTNERS WITH GOALS FOR OUR COMMUNITY THAT HAVE DO THE SOCIAL BENEFITS INVESTING AND IT IS INCREDIBLY EXCITING TO SEE THIS PROJECT MOVING FORWARD AS AN EXAMPLE, SOMETHING TO BE LEARNED FROM BUT WHEN I TALKED WITH MY STUDENTS AT THE UNIVERSITY OF OREGON ABOUT THE FUTURE OF AFFORDABLE HOUSING, THE THING THIS ACCOMPLISHES IS WHAT THEY WANT TO SEE MORE OF IN THE WORLD AND WILL BE USEFUL TO THE COMMUNITY AND OTHER COMMUNITIES FOR TRYING TO ADDRESS THE SAME CHALLENGES IN THE YEARS AHEAD. THANK YOU FOR YOUR COMMITMENT INTO HOLDING TO THIS VISION OVER MANY YEARS FOR OUR COMMUNITY, BROADLY, FOR DOWNTOWN, THE PEOPLE WHO GET TO LIVE THERE AS A RESULT OF THIS PROJECTS SUCCESSFUL COMPLETION.

WITH THAT I WILL SAY THANK YOU AND THAT CONCLUDES OUR AGENDA FOR TODAY AND I CLOSE THE JUNE 22ND, 2026 CITY COUNCIL WORK SESSION.

THANK YOU, WE ARE ADJOURNED.