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>> Mayor Knudson: Good afternoon, everyone. Welcome to the July 15, 2026, City council work session. Thank you for joining us today in this hybrid meeting format. For work sessions like this one, there is no opportunity for public comment. Those wishing to access the meeting can do so by watching the livestream, the broadcast, or calling to one of the phone numbers listed for this meeting on the city of Eugene's website and the meeting materials page. Thank you again for joining us today. And I now call the July 15, 2026, work session of the Eugene City council to order. I'll turn it over to the city manager, a work session follow-up.

>> Thank you, Mayor. as you said, this is a follow-up to the work session that council had on Monday, where you adopted budget principles. You adopted a service framework and strategic focus areas. Today will be a presentation of revised strategies under each of those focus areas. We received your feedback, and we have put some adjustments together for your consideration. Nancy will be joining us and leading us through part of this discussion. She has a brief slide deck. With that, I'll turn it over to Nancy.

>> Thank you, Jenny. I appreciate that. it's nice to see you all again. happy to be able to bring back to you some revised strategies that hopefully reflect your hopes and changed expectations for the strategies within the strategic plan framework. Am I sharing my screen here, I think? Or are you?

>> I'll run the slides for you.

>> Great. perfect. terrific. OK. There, I can see it. OK. So I added the slide in. Just to illustrate and remind all about how the strategic framework and the strategic plan will be implemented. And I think this is an important context. So the strategic focus areas which we reviewed and discussed on Monday, which were approved by council, are listed on the left. These are the big buckets, the big areas of focus and interest by council. They have some definition, which we have on following slides, just as a reminder. We're not looking to revisit those today because they have been approved. But those are important for providing clear direction around the areas of interest by council. Cascading from that, though, are a set of specifically defined policy directed strategies. That's what we're revisiting today, some of which are the same as we discussed on Monday. Some of which have been added or revised based on council's feedback. From here, once approved by council, once you have developed a degree of competence and comfort in the strategies, we'll shift to the staff. Staff will then develop and recommend to council tactics. These are the things that the city will be investing time and energy in over the course of the next two years in order to pursue those strategies. that's where it becomes really action oriented and driving a lot of the work of the organization. So I just wanted to bring that back into the room to remind us all that the strategy level is not the end of the line. It's the starting point for staff to be building budget recommendations and work planned elements. If we go to the next slide. This is just a reminder of the focus areas and the definitions. Nothing has been changed. These were adopted and approved by council when we were in the room together on Monday. I'm not going to walk through each of those five focus areas. With the strategies outlined in red to illustrate where there have been changes made. So I will bring it back for review beginning with financial stability, which is the first of those five. So the format on these slides is a little different from Monday, and that is because I wanted to emphasize that the portion on the left is what was approved by council. So it has the name of the focus area, and then the --

>> Nancy, can you hear us? We just lost your audio for a moment. we cannot hear you still. I don't know if anything changed on screen.

>> What did you say, Matt?

>> Keating: Everything sounds good here.

>> Mayor Knudson: OK. There you are. You're back.

>> I'm back. OK. Let me know if it drops again. I was in the room last time so I know how it feels. I will try to speak up also in case it's a volume situation. anyways, so on the financial stability, there were no recommended changes. I will just point out a couple of highlights from the conversation we had. First on the first strategy, building a long-term financial stability plan, this is a lot of the work we're doing here today. This is setting the table for doing just that. These become kind of

critical components, along with the framework and the budget principles. So this is the launching pad for that strategy. and then we also had some interest in some discussion around strengthening and diversifying revenue. So really some interest in making sure there is time and space to explore that in a meaningful way, which I know will be agendaized and brought back to council. On the next slide, our community safety focus area, again to the left is the description of what that looks like. And then we had some conversation and some suggestions for refinement to the strategies. so the second strategy there, you can see in red, looks to add an emphasis and acknowledgment that looking at resource allocation for first responders is going to be an important part of the work that is done over the next couple of years. That language was suggested when we were together in the room, really specifically to ensure that fire is reflected in the needs of the fire department are reflected in the statement, but it's certainly addresses first responders generally. The next area where we had some discussion and some request was around prevention and early intervention. In the success statement, it was pointed out that that's incorporated in that. So that last part of the statement where it says through prevention, early intervention and effective response, we modified that last strategy to reflect that specifically. And so strengthen partnerships that support behavioral health, crisis response, and prevention and early intervention. And so that would be a modification that tries to make the connection between the success statement and the strategy that is articulated. if we move to the next slide, we have thriving and livable communities. So we had some conversation. So Councilor Keating brought up around working with partners and vendors as a part of that. there have been no modifications made to the strategies, but I would note that kind of going back to the framing slide that shows the interplay between strategies and tactics is that if there are specific programs or needs that are of interest to council that are being proposed, first of all, the city manager and staff are in the room listening. But that's where it comes to life. And so that might be a space where other proposals along those lines might emerge. you'll have some conversation, I'm sure, on that topic. But we didn't hear any consensus around modifications to the strategies in the thriving, livable community on Monday. if we move to the next strategy -- or next focus area, housing and homelessness, we had a good deal of conversation around making sure that there was a strategy that really spoke more specifically to uplifting those who are in need or maybe experiencing houselessness. So the services that are being delivered. As a result, we have added additional strategy that says support access to services that help people achieve long-term housing stability as a new strategy. This is really intended to reflect, you know, direct service providers to those in need, beyond the strategy above that, which is really around coordinating on homelessness response. And so trying to be more focused in that area. I'll go through the rest of the slides and then I will turn it back to the Mayor to facilitate the conversation on the discussion, if that's okay so that was inserted and added as a result. And then if we go to the next slide, which is the last of the five focus areas, we have transportation and infrastructure, with the success statement there to the left. We heard no changes to the strategies as presented. Again, just a reminder that the tactics and the things the city would be working on will be driven from those strategies. With that update and that presentation, I know it's in your packet, I will

turn it back to the Mayor to facilitate the conversation and happy to obviously be a resource as it helpful for the conversation.

>> Mayor Knudson: Thank you, Nancy, for that presentation. Thank you, staff, for your support in the room. and for capturing so much of the discussion that we've had this week and in weeks prior. I will now open the floor for council discussion before turning to the council president to put a motion on the floor. Councilor Keating, Councilor Clark, and then Councilor Yeh and Councilor Groves.

>> Keating: Thank you, Mayor. I want to be brief. I just want to say thank you to Nancy and to our city manager for hearing us loud and clear on Monday and incorporating some of our suggestions. I'm supportive of all the suggestions in front of us. On the thriving livable communities piece, and animal services in particular, I may have misspoke Monday when I referenced there is Oregon state statute that underscores a legal obligation for cities. there's pieces in there that reference counties, and cities like Eugene have stepped up to fill certain gaps. But I really should have been more clear in that there are city code and in our ordinance language is where our obligation lies. And I concur with Nancy in that highlighting those obligations as we get further into the actual brass tacks of this seems prudent, and I think that's where the larger conversation about our service providers, our partners, our not for profit partners, should be. this 30,000 foot document is a strong one. I appreciate you incorporating the language around first responders reflecting the need for this council's support of our fire and EMS personnel. And I'm ready to adopt what's in front of us as is. Again, appreciation to Nancy, to the team, and to our colleagues for going through this process. appreciation. Thank you.

>> Mayor Knudson: Councilor Zelenka.

>> Zelenka: Thank you. part of the changes that I liked was what they ended up saying. I will point out that on homelessness, and I've said this many times, is that unless we really get at the root cause of the homelessness, we're never going to tackle it and solve it to where we can get it down to a very small number. Those root causes are lack of affordable housing, lack of mental health services and the lack of substance abuse services, not all of which we have control over. Most of which we don't have control over. But we can certainly help push to make sure that those things get worked on. Because if we don't tackle those very hard problems, and they bake for decades, which is why we're in the position we're in, we're never going to be able to get there. but I think the wording that is proposed, support access and services that helps people achieve long-term stability gets at what I was talking about. But I just wanted to make that point. Thank you.

>> Mayor Knudson: Councilor Clark.

>> Clark: Thank you, Mayor. And I too appreciate the presentation and the work that's been done to clarify the conversation that we had before. I understand Councilor Zelenka's point. I agree with some of it. I do, however, have some

concern. And I'd appreciate the city manager's thoughts when she reads that strategy language, what the word "access" means to her. For me, I have always had kind of a problem thinking access was a wiggle word because I wonder whether that means, you know, when I walk into a grocery store, there's access to all of the food I want to eat. Whatever I can afford to buy. and it doesn't mean somebody else should buy it for me. and so I wonder what access means to her. Does that mean the city has a responsibility to provide that which is a county, state, or federal government doesn't provide? And I think for the sake of building a budget, that's an important conversation. So I want to hear what the manager thinks the word "access" means.

>> I would preface -- thank you for that question. I would preface it that any type of service that's being provided is a policy decision of this body. So I would not go and propose something unless I had direction from this council or we've continued to provide this service and it's the direction of council to continue to provide this service. When I read this sentence, I am thinking about helping to be a conduit to continue to provide services that we're providing right now and to enhance that through partnerships. It is not a statement of that we are solely responsible for homelessness. This is at the thousand foot level, this is a collaborative, regional issue. This is not something that one person can solve and fix. So that is my perspective. I hope that helps, Councilor Clark.

>> Clark: Yeah. Thank you very much. It helps a little. I would only add to that that a great deal of the access to services provided by the city of Eugene over the last several years have been predominantly funded by the federal government or the state government. And that funding is or soon will be going away. so are you saying that this strategy is the underpinning for us then transitioning that responsibility to provide those services that we -- that have been paid for by other partners to be our responsibility to pay for in the future and to maintain?

>> No. I'm not saying that. And, again, that is a policy decision of this council.

>> Clark: Thank you very much.

>> Mayor Knudson: Councilor Yeh.

>> Yeh: Thank you. so like Councilor Zelenka, I also like the wording for the housing and homelessness added new item. I thought it was broad enough that it can get at a lot of different things that can affect people's housing stability. beyond some of the things that we typically think of, like shelter or basic needs. so I really did like it. And I appreciate our city manager's reading of it, of how it's not just about what we're doing but it's helping our partners. It might not be money all the time. It might be other things. And I think the wording lends to that being flexible in that way. I -- but going -- moving to the community safety bucket, I don't think -- for me, at least, adding prevention and early intervention at the end of that partnerships is quite right. It's better, but it's not quite right. I feel like it implies that the city is not

doing this themselves, that we're doing it always through partners, and we do do that. That's accurate. But I think there are things that we do and will have to decide if we continue to do that aren't through partnerships. It's just something we do ourselves. So I think for me, it's not quite right. But it's getting better. that would be my feedback. And I am curious to hear what the rest of the people say.

>> Mayor Knudson: Councilor Groves.

>> Zelenka: Which one was that?

>> Mayor Knudson: It's community safety and the addition of prevention, early intervention to the strategies but with feedback about how that's been incorporated. Councilor Groves.

>> Groves: Thank you, Mayor. And thank you for the presentation, Nancy. I like the additions. I appreciate being heard on adding the resource allocation for first responders. in particular our firefighters and the lack of growth to keep up with our population increases. I think that's very important. on the housing and homelessness piece, I agree with both what Councilor Zelenka said and Councilor Clark. And I want to add a piece. I have become more aware of, and I'm not suggesting we add anything, but something we need to keep in mind. With the work of privately funded downtown group that we have out on the streets right now, every one of those people I have talked with said one of the things this opportunity is doing for them is giving them work experience because just getting clean and applying for jobs doesn't assure you're going to be employed. You need to have a history there. so opportunities that we see where we can have -- help businesses, help government employ some of these folks I think is going to make a difference in long-term survivability and long-term independence. So I just want to highlight that piece. Again, I'm not advocating for putting that specificity into this document. But I think it's something, and I would ask all of us to kind of keep that in mind as we start working through issues around housing and homelessness and helping people in that situation. thank you.

>> Mayor Knudson: Councilor Kashinsky.

>> Kashinsky: Thank you. I was going to bring up a similar point to the one that Councilor Yeh brought up, which is the addition of early intervention does add that. But if you take the broad view of safety, which includes safety from fire, all kinds of things, implying that prevention, early intervention is only done through partnerships, I do think misses a lot of the things that the city does with our payroll tax, through our first responders and our fire programs, when we look at municipal court, some of the cultural and recreational programs targeted towards folks who may be at risk in some way, even things like the program that is not now being funded by the city, but those kinds of things are prevention and early intervention that we do do as a city. So I would actually suggest adding the words "strengthen partnerships and programs." This would not imply, Councilor Clark, we would be

taking on ownership of a bunch of programs we are aren't currently owning, but would say continuing to have focus on that early intervention for all kinds of public safety issues. Because I do think, you know, when it was just behavioral health and crisis response, a lot of our behavioral health service is provided by partners. But when we start getting into the broader sense of early intervention, that is -- and prevention, that is more of a -- different folks have different responsibilities, including some responsibilities that are directly the city's. That would be a suggestion for -- I try not to wordsmith from the table, but that would be a suggestion for a tiny change that I think would address some pieces there.

>> Mayor Knudson: Councilor Leech.

>> Leech: Thank you. I had similar thoughts around that sentence as well. and on Monday, when we were looking at some amendments for the motion, I was furiously typing up what I thought would be the amendment to the motion. But I had included strengthen services and partnerships. That could be programs, but I think it does need some word in there. to qualify the fact that we are providing as a city entity some of these services. so everything else, though, I'm really appreciative of. I think it really captured what we were looking for on Monday. And through this whole process. So I really appreciate that. so that's all I have.

>> Mayor Knudson: Thank you. Councilor Zelenka.

>> Zelenka: Yeah. I agree with what folks have been saying about that, the community safety, the last strategy. I think services works better than programs, because programs is limiting and services is broader. So I think adding strengthen partnerships and services that support is a good way to go on that one because it shouldn't be just limited to partnerships that we have. Because we do provide a lot of services, and they are very important. It's also consistent with what we were talking about in the homelessness and housing focus area about the three different areas that we do support, and those are included in this as well. so they overlap, which makes me feel a lot better. Those are so important. They need to show up in several places.

>> Mayor Knudson: Thank you, council. I will add my voice in support for that clarification of strengthening partnerships or programs or services. It sounds like we have a slightly amended motion that I'll be turning to the council president to bring forward in a moment. and with that, I'll turn to the council president to bring the motion forward.

>> Move to approve the revised strategic plan framework with the following changes. Add, quote, and services, end quote, to community safety's strategy four.

>> Second.

>> Any further discussion from council? Seeing none, I'll now take a vote for this motion. All in favor, please raise your hands. Eight. And the motion passes unanimously with a vote of 8-0. thank you, council, and thank you, staff. This concludes our first agenda item today. Now turn back to the city manager for our second topic, which is a city manager update.

>> Thank you, Mayor. the initiative petition to establish a Eugene clean energy fund in Eugene is still circulating for signatures. Completed sheets are due on Friday, July 27. And petitioners must collect 8,726 valid signatures in order to qualify for the ballot. Once the signature sheets are submitted, the city and the county get a total of 30 days to verify the sheets and validate the signatures. And the last day for certified petition to automatically qualify for the November election is August 5, 2026. one thing of note, per our code, council must be presented with possible options for action no later than 20 days after the recorder certifies an initiative petition.

>> Mayor Knudson: Thank you, city manager. Questions from council?
Councilor Leech.

>> Leech: If council wanted to respond, what is the timeline for a council-led ballot response to the initiative?

>> Just so I understand the question. If it gets on the November ballot, what would be -- got it.

>> Just for clarification, when you say response, is it taking one of the four actions like encouraging adoption, or are you looking to refer a competing measure?

>> Leech: The first thing you said.

>> The question is simply what the timeline would be after they're presented at the 20 days. We don't really have a timeline on that one, if you're just looking to encourage people to vote for it or against it. So here is your options. This is it. But then it is -- unless you were looking to actually put another competing ballot on the measure.

>> Leech: Yeah, a competing measure would have to be filed with the county by September 3, so we'd have to walk back --

>> That's not what she's looking for.

>> OK.

>> It would just simply be you stating your opinion encouraging people. No timeline associated.

>> Leech: OK. Thank you. and it sounds like we would not have time if we wanted to put in a competing measure.

>> Well, I think if we have -- once it's -- once it's certified, we would be looking for a time potentially during break to schedule that virtual only session to present options. So it is possible.

>> And just for a point of information, what is the initiative position is for an ordinance, and not a protected ordinance. So if this is referred to the ballot and is approved by the voters, you as a City council would have the authority to amend it. It's unlike some of the other initiative petitions that we've actually talked about at this table before. So with that tight timeline kind of giving us a little problems, if you wanted to refer something that was competing, you would as a council have an opportunity, if it's passed by the voters to change it through ordinances and a majority vote of the council would be able to change it.

>> Leech: Great. Thank you.

>> Mayor Knudson: Councilor Zelenka.

>> Zelenka: Just for clarity's sake, I feel like you referenced there were four options that we would be presented with. What would those four options be?

>> So the four options are you could just directly adopt the ordinance by initiative petition. You could -- well, that one is related to a referendum, so that one doesn't work. You could vote to just urge adoption or defeat of the initiative petition. That's just a statement to the voters. And then the alternative option is to put another measure further.

>> Zelenka: And the fourth one could be do nothing?

>> You could do nothing, correct.

>> Which is often what you've chosen to do. The 20 days that we need that's established in code, if in fact it's all that would be done through a virtual meeting because you are on break as was raised by Councilor Leech. But we need to meet that 20-day code, so we'd have to call a special meeting just to -- and it really is just to present it. No action at all is required at that time.

>> Mayor Knudson: Thank you, staff, and thank you, city attorney. Councilor Keating.

>> Keating: Thank you, Mayor. Just to be perfectly transparent, it wouldn't be a surprise to anyone. I signed the petition. I was the second signature on the petition, right behind former Mayor Kitty Percy. I hope that 8,720-plus signatures are valid. I hope that when the time comes that this body urges adoption. But even if

this body does nothing, I hope that voters come November recognize the merit of this endeavor. It's shown to have worked in Portland, and it could be a game-changer with regards to investing in climate action locally. so at the time when it's back in front of us, again, probably no surprise, I will be advocating and urging adoption. But that's cart before the horse. Thank you, city manager, and thank you, Katie, for the update and the timeline in regard to the effort to validate said signatures. if those signatures aren't validated, just out of curiosity, or if the numbers are low, it's my understanding that the team that's collecting the signatures still have another -- they can still go back to the drawing board. or not back to the drawing board. They can still collect signatures in addition. Or is the date -- I think -- I can't recall if you mentioned Monday or Friday per my notes. does that date, the final drop dead deadline, that those 8,726 signatures have to be completely turned in and valid?

>> That date is the last date that they can turn in signatures.

>> Keating: OK.

>> The validation happens after that.

>> Keating: OK.

>> And once -- if it goes through the validation process, so the city recorder's office does an initial verification of the sheets. And then it goes to the county for validating signatures. But at that point, if they are 8,725, so we're one short, they cannot submit new signature sheets.

>> Keating: Noted. OK. Thank you for that clarification.

>> Mayor Knudson: Thank you, staff. Thank you, council, and thank you, city manager, for that update. This concludes our second agenda item today. and now we will turn back to the city manager for our third topic, which is a work session on an ordinance concerning housing production incentives.

>> Thank you. So following a public hearing last month, this item was an opportunity for council to consider action or continue discussion of a proposed ordinance enabling two housing production initiatives. The two property tax exemption programs aim to support the production of moderate income housing along transit corridors across the city. And the second is the creation of housing and commercial centers. Staff's here to answer any questions that you have.

>> Mayor Knudson: Thank you, city manager.

>> Good afternoon, Mayor and council. I'm Anne Highfield, the economic development manager in the community development division. I'm here with Amanda DeSousa today, and we're here with a proposal to establish two new

incentives to encourage the construction of new housing across Eugene. Both market rate and for moderate income households. We presented the proposal to you in February. We had a public hearing in June. And today you can vote on the proposal, and we're here to answer any questions you may have. and I'll turn it over to Amanda, who will recap all the details of the program.

>> Thank you, Anne. Good afternoon, Councilors and Mayor. The proposals we're talking about today emerged out of the city's urban strategies work, which identified the tools, actions, policies and land needed for the next 20 years to support housing and living wage jobs in Eugene. before we dig back into the proposed incentives, I'll remind you of the need that these programs are trying to address. as part of the urban growth strategies work, you have heard about the state's plan. rather than planning only for population growth, we now also need to account for decades of housing underproduction and must show what actions we're taking to address this need. Using the 2026ona, we know Eugene needs 26,000 new dwelling units in the next 20 years. To achieve this, we will need to produce 70% more units annually for the next 10 years compared to the last 10 years. since 2013, we have averaged about 950 new units per year. The OHNA states will need to be producing up to 1,600 units per year. Ongoing market challenges means this is going to remain a steep hill to climb. in addition to demonstrating how we intend to meet our overall need, the state also requires we show how we are meeting Eugene's specific affordability needs. This chart shows how those 26,000 units are broken up over five affordability buckets, based on area median income, or AMI. On the far left are new units needed for households with the lowest incomes. In green are units for households making 80% less than AMI, which is typically a level of affordability that can only be provided by subsidized affordable housing. For households earning 60% and below, the two buckets on the left, we have federal, state, and local tools to boost production. This includes incentives like the low income rental housing property tax exemption, federal home funds and the affordable housing trust fund, which you just voted on a couple of days ago. The proposed housing production incentives you're considering today target the three buckets on the right because we have limited or no tools for these. the first is moderate income housing, which in this chart is designated as 80% to 120% of AMI. For the proposed programs, we're also considering moderate income to include the 60% to 80% range since most affordable housing tools are only available for projects at or below 60% of AMI. according to the OHNA, we need almost 70,000 new units in the next 20 years to meet our need. Market rate is considered 120% over AMI. We need over 7,000 market rate units in the next 20 years to meet our need. This graphic shows the three proposed housing incentive projects you've been considering. The first two are 10-year property tax exemptions. the third is a revolving loan fund for the moderate income housing. as Anne mentioned, we previewed these for you last fall, and in February you directed staff to prepare ordinances, schedule a public hearing, and schedule a follow-up work session on all three programs. today's discussion is focused on two of the programs, specifically the two tax exemptions. Last month you held a public hearing on an ordinance that would implement these two programs. Today is an opportunity for you to consider

action on that ordinance. the public hearing on the moderate income revolving loan fund is currently scheduled for September 21. I'll now dig into the details of the tax exemption programs. The draft ordinance that implements these programs is in attachment a, and an overview of both programs is attachment b. the two new proposed 10-year tax exemption programs are enabled by state statute for transit support of multiunit housing. These are the statement statutes that enable MUPTE focused on downtown. The tax exemption would only apply to the new improvements, and similar to the MUPTE and LURPTE. I'll first walk through the highlights for moderate income housing. This first proposed program is designed to fill a gap in the city's existing housing incentive program as none of the current tax incentive programs are geared towards moderate income housing. That means affordable to households earning between 60% to 120% area median income. It's available citywide, but only for projects 60% and below. the intent for this tool is to incentivize builders to lower rents or prices and commit to a decade of moderate income affordability so they can qualify for the program, which would lower their operating costs and make the project pencil. Both rental and homeownership are eligible. Projects must have a minimum of four units and 25 units per acre. The proposed boundary for this program is any property within a quarter mile of a transit line, which is the broadest geography allowed by the state's statutes. This map shows the eligible properties, and I'll talk more about this map in a minute. the state statutes that enable the program require projects be completed by 2032. Both the tax exemption programs are proposed as pilots using 2032 as the end of the pilot period for this project with an update within two years. And then finally, the application process has elements similar to the lurpte, which includes a 60-day turn around and consideration as a council priority agenda item. I'll briefly touch on the methodology that we used to determine property eligibility. so we started with this map on the left. This is what we showed you in February. This shows a general quarter-mile buffer around fixed transit routes which are considered to be routes that have regular service at least once an hour. We then applied a few filters to end up with the map on the right, which is what's included in the ordinance. The first filter was at least 80% of the property needed to be in the buffer to be included. And then for both tax exemptions, in response to concerns about possibility incentivizing development of housing or industrial uses, we excluded properties if they were within 300 feet of property zoned E2 and I2 and within 500 feet of properties I3. New housing could still be built on the property if zoning allowed it but would not be eligible for these incentive programs. Additionally, properties that meet the criteria but aren't in city limits would be eligible if they are annexed. the other tax exemption program is focused on housing in commercial centers. This program has no affordability restrictions, and would incentivize the development of more market rate housing. As I mentioned, we need to see over 7,000 new units for 120% AMI or more. The only significant financial incentives we have to support market rate housing are the standard and accelerated MUPTE programs which are only available downtown. It's unlikely we'll be able to rely on downtown housing development to meet that entire need given the many headwinds you're familiar with that make it challenging. The same project size minimums would apply. The proposed geographic boundary aligns with the center's concept discussed in the

new chapters of the envision Eugene comprehensive plan. This map shows where eligible properties would be located, and I'll talk through this map in a minute. This program includes the same 2032 pilot period. And finally, for project requirements and application process, the proposed program uses the accelerated MUPTE parameters. Including a 60-day application turn-around, council priority agenda item, staff review of applications, and projects would still need to meet all seven MUPTE public benefit criteria. but for this tax exemption, we started with this map on the left, which shows three types of centers identified through envision Eugene and the city's planning for future growth and development. Those centers are the downtown centers shown in yellow, core commercial center in orange, and neighborhood centers shown in red. We have shown this program apply to the core commercial and downtown centers. Oh the orange and yellow, but not the neighborhood center shown in red. Core commercial centers are typically located near transit and provide convenient access to people's daily needs like housing, jobs, groceries, schools, et cetera. The downtown center encompasses the downtown core, riverfront, midtown, and other high density residential and commercial areas nearby. Notably it is much larger than the existing MUPTE boundary. this would support a mixed use center. Before the ordinance we started with the map on the left and applied the same filters to get the map on the right, including removing properties if close to industrial uses and making sure the properties are within a quarter mile transit buffer. We also looked at the zoning of each property in each center to make sure the only properties with compatible zones were included. And we also looked at adjacent properties to see if any had development potential. These centers all have the right zoning and entitlements to accommodate this type of housing that we want to see. The intent is for this tool to get those properties off the sidelines and into feasible territory. Council held a public hearing on the draft tax exemption ordinance in attachment a on June 15. There were four speakers and three spoke in favor. The speaker who offered comment against the ordinance indicated they did not believe property tax exemptions should be offered to individuals and expressed concerns about student housing projects along Franklin. I'll note that housing design for students has been ineligible for tax exemption since 2015, and that restriction has carried over to the proposed programs. we also received three written comments in favor of the ordinance, which are provided in attachment D. I'll end with an overview of the options you're considering today for the two proposed tax exemptions. You could choose to approve the proposed ordinance in attachment A. You can modify the program and direct the city manager to bring back a revised ordinance for action. Or you can choose not to adopt the ordinance. With that, we'll hand it back to you for discussion.

>> Mayor Knudson: Thank you, staff, for that presentation. Before opening it up for council discussion, I want to just observe, I appreciate this presentation connecting from very large number and high level in terms of needs that our community has relative to housing across a whole diversity of different household types and also income levels. And then trying to connect the policy actions and the work that we're doing as a city with the tools we have available to us to create more

of the housing that the data has told us very clearly that our community needs, both people who are renting housing and people who are seeking to own housing or currently own housing. So my clarifying question just to begin, because this is something that is often misunderstood in public conversations, is I'm wondering if you could just briefly describe the difference between utilizing this type of incentive, a tax exemption incentive, in comparison to, say, a direct funding of housing production.

>> With direct funding, there's funds directly transferred from the public agency to the housing development party. With the tax exemption, the public agencies do not get tax revenue for new development for the exemption period. And for these programs, it's up to 10 years. And so it delays getting that new tax revenue. But there is evidence to show that the tax incentive programs incentivize new development that otherwise would not have happened. So one could say you're delaying it, but you're also actually getting it. You may never get it if you don't provide the incentive. So there's no out-of-pocket with the tax incentive -- exemption program.

>> Oftentimes when we're talking about housing, and there's an idea about direct funding, that might come from an existing fund or a new bond or a fund that can be literally directly dollars, a check written and handed to someone who is building that housing. In this case, what you're describing, is rather than adding to the amount of money available to build the housing, we're subtracting from the costs that the housing has to cover in order to be feasible.

>> That's correct. And that is the place of misunderstanding that we often encounter. The second because you just mentioned it, and I think this is always helpful for us to talk about, when there's a property that receives a tax exemption for new development, sometimes information is presented to me as an understanding from the public that that property is paying no taxes, no property taxes. Can you just describe specifically the difference between new improvement and the continuation of property tax payment that occurs on these properties during the 10-year period that would be proposed?

>> Property taxes are paid on the value of the land and the value of the improvement on top of the land. With these tax exemptions, properties continue to pay property taxes on the value of the land. It's new improvement that is exempted over that 10-year period.

>> Mayor Knudson: Thank you. Very much appreciated. Those are common conversation points in the community, and it's great to share them in a public meeting when many more people might have access to that information. I'll open the floor to council discussion. Questions from council or comments, feedback. Councilor Zelenka.

>> Zelenka: Am I muted? Can you hear me?

>> Mayor Knudson: We can hear you now, Councilor.

>> Zelenka: The LURPTE program really works. 43 projects, 2,200 units. It really does work. but it's only for 60% or below median income. That means rent for a studio, \$1,033, which is quite a bit. And we don't have any tools for that 60% to 120% range. and, began, the only affordable housing is the ones that we get that we subsidize. The market provides zero affordable housing units. and I wish we would be using the full capability of the construction excise tax of 1% so we could get more affordable housing, but that's a comment for a different day. I wish it was in this package. and I'm not a fan of it in part because within the same block we saw a building get built with MUPTE and without. So whether or not it's actually needed is a really big question. But the market is not providing this type of moderate income housing, 60% to 120%, income level. And so that makes me want to look at this more closely and support it. On the commercial center one, a question about that. it's limited to units that are four to 25 units per acre. And I need a sense of what that looks like. Examples of what 25 maximum units per acre would look like. Maybe a high rise multifamily housing on Franklin. What's that in units per acre?

>> I will clarify that the minimum size is four units in total and 25 maximum units per acre. I don't know if I have a good example.

>> Now you're testing our design abilities. I don't know off the top of my head what that looks like. We can get that back to you, Councilor.

>> Zelenka: OK. Well, those are way higher than 25. the ones on Franklin.

>> Those are in the hundreds, Councilor. Just to clarify. And it would depend on the project.

>> Zelenka: Exactly. OK. I don't have any other questions on these. Thank you.

>> Mayor Knudson: Other questions from council? Councilor Kashinsky.

>> Kashinsky: Thank you. I would like to thank you for bringing this forward. I know this can be controversial. On my daily commute, I walk past three or four buildings that receive MUPTE. Some of them 20 years ago received MUPTE. And several of those buildings are providing housing that is -- even if they weren't constructed that way initially are currently providing housing that is affordable to people with moderate incomes. And I find even a couple of cases where they are providing housing to people with low income over the years. So I am also walking past at least two vacant lots that are constrained in some way that would make it difficult to have projects to pencil on those. but would be really great locations for housing. And one of the things that this program does is it helps make those vacant lots that are next to other housing that are next to other housing that was similar

density be more feasible to have housing go in there and housing that people can afford go in there. So I'm really happy to see this move forward, and thank you for all your work on it.

>> Mayor Knudson: Councilor Clark.

>> Clark: Thank you, Mayor. I'm going to resist the urge to respond to my colleague's comments. But I will ask -- I'm not sure whether this is a question for Amanda or whether it's for Anne or for whom this question should be directed. But the owner requirements of 1,600 units, what is the state law dictate that the city must do over the next several years if we don't reach the OHNA requirements?

>> That's a good question. I can answer with what I know, which is that the state sets these targets that we need to be working towards. And the requirement for the city is that we need to be taking actions to help meet that need. And so I believe that the accountability piece is whether or not we are taking the actual steps, so implementing these things like more housing incentive programs. I know planning has a whole list of housing production strategies they are going through, including looking at zoning, flexibility and things like that. My understanding of the requirement is that we are taking actions to meet that need.

>> Clark: What if council has inadvertently screwed up the market so badly that none of these incentives will work? What's the state law dictate that the city do if for a multiple of years, we don't see the production required by the OHNA?

>> I'm not sure we know the answer to that. I know there is the -- I believe it's called the housing accountability and maybe production office. And I believe we would be assigned to work with them. And I'm not sure what that process looks like. but that's what I know.

>> Clark: Is Laurel there or anyone with some access to legal to be able to --

>> Lauren is coming up, yes.

>> Clark: Lauren. I'm sorry.

>> OK. Good afternoon. Lauren summers, assistant city attorney. Unfortunately I don't have that much more information to give you. It is true that there are some deadlines for cities to take particular actions, and if the city doesn't make progress, which could look like actual construction of units, but it could also look like putting things in place to incentivize the development of housing or remove barriers, at some point the local government would be assigned to work with the housing accountability and production office. And there are sort of a range of actions that they can take, including actually providing additional resources to the city and helping them kind of work through other production strategies that they might not have been thinking about. But that's not something that is going to happen soon.

The city has time. We still have time under our state mandated deadlines to take a bunch of these required housing actions. And you'll see planning staff coming back to you with various adoption packages that are tailored to meet those state housing requirements.

>> Clark: I'm comforted to know that. My question is really around the hammer that the state would use if the city isn't successful. And it sounds like we're forced to work with the state agency. I'm not sure what that means. And I'm not sure you have an answer that's in more detail than that. So I guess I'll live with it. But if you have any further information about what the state's authority in relation to the city's authority as far as how we deal with the local market, I'd be interested to know.

>> That is something that staff could probably get back to you on. And I will also say that the HAPO is a pretty new agency also. They are in the process of standing themselves up and figuring out all of their authorities and how they are going to exercise them. So it's -- like a number of things kind of in the state housing sphere right now, it's a bit of a moving target. But we can -- staff could get you more information about that.

>> Clark: Thank you very much.

>> Mayor Knudson: I see Councilor Zelenka with a question for the next round. And I'm going to ask staff one more to help connect more of these dots into this work. Oftentimes when we imagine and conceptualize or visualize our city, we see our downtown center and the downtown core as a place that is the sort of hub with many spokes and energy flowing into it and energy flowing out of it. Downtown is incredibly important for so many reasons to the success of our community. In the proposals in the way that with urban growth strategies, our housing production work and housing and commercial centers incentive proposals, this is looking more closely at the idea of neighborhood centers. And we talk about neighborhood centers and the hearts of our neighborhood in different ways. Oftentimes we talk about them as the places that people might be able to walk to in their community to access some of their daily basic needs. They may not be able to walk or bike or use transit to get everywhere in our community, but there might be some things nearby that are accessible. I'm curious if you could share feedback on two things. One is how these commercial centers and these overlays connect to our other transportation planning work. Our bicycle and pedestrian work, in some cases where there might be schools adjacent, how we're making sure as we're creating new areas of intensity of development that are at the heart of a walkable neighborhood, that it is actually easy for people to be able to do that. I know we have this information in our plans, but I would like for you to speak to some of it. And the other piece is related to the environment, the physical environment, in these centers. And that as we're thinking about the hearts of neighborhoods, how are our -- how is our development code guiding the creation of edges of streets that are active, that feel sociable, that are friendly to the pedestrian. How is there opportunity for mixed use to still be integrated with these proposals. Because that's an important part of, you

know, there being a really vibrant center to neighborhoods. And I'm just curious if you can speak a little bit to those opportunities.

>> So this will focus just on the tax exemption for core commercial centers. I do want to clarify that the centers were identified three types of centers, downtown centers, core commercial, and neighborhood centers. The tax exemption as proposed really focuses on the downtown and the core commercial, because those were identified through their access to transit. So that came out of the vision Eugene planning process. I know that the planning division did a lot of community engagement to identify what they felt was a center to them, where they wanted to see a mixed use center. And the centers as I mentioned are typically located near transit. They provide convenient access to people's daily needs like housing, jobs, groceries, schools and services. So definitely the LTD's, access to those centers was a major part of them being determined to be commercial centers. And then talking about the possibility of them -- incentivizing mixed use and pedestrian friendly elements to those buildings. So this tax exemption as I mentioned is modeled off the MUPTE framework, which includes a design review process with our urban designer. We have four categories of things we're looking at, in terms of design and working with the development to facilitate good design. And one of those elements is looking at the pedestrian experience of the building for the person who is not living in it but walking next to it, biking next to it, driving next to it. So that requirement will be still embedded in the program. The project will be required. The drawings are attached to the resolution. They are required to deliver on the drawings and that are approved by the urban designer. And we also preserved the ability to exempt commercial uses. So that element is that commercial uses can be included in the property tax exemption if they provide a public benefit. So we will be evaluating whether they do. We'll bring that to council, and council would be considering whether their commercial use provides a public benefit. So it is possible to incentivize mixed use that way.

>> Mayor Knudson: Thank you very much for touching on those aspects of this work. Councilor Zelenka.

>> Zelenka: Thank you. so just for clarification, for the commercial center tax exemption, there's no income restrictions. Correct?

>> Correct. There is no income restriction. There is still the moderate housing. 10% of the total tax exemption or they would have to designate 30% of the units to be moderate income. So it has to be up to 120% ami.

>> Zelenka: I see. which map -- so the moderate -- commercial centers, which map is that? Can you show that on the screen? That's exhibit a1, correct? So that would be the expansion of MUPTE into these areas that are in blue.

>> So this is the commercial exemptions one. Let's see. That is showing --

>> Should I show my screen again?

>> Mayor Knudson: Yes. We can see that.

>> OK.

>> Mayor Knudson: But you all sometimes cannot.

>> Right. so this is the commercial. Is that what you were asking for, the commercial exemption?

>> Zelenka: I'm not seeing it on the screen, but yes. Is that exhibit a 1? I can't see what you're seeing.

>> So page 26 in your packet.

>> Zelenka: OK. So that would be pretty substantial. And then how does that relate to page 31, which is the transit plan, which is like half the city.

>> So page 31, that would be for moderate income projects.

>> Zelenka: Oh, not commercial center.

>> Yeah.

>> Zelenka: So pretty substantial increase in the use of property. But on the moderate income --

>> They would be required to be build -- exactly.

>> Zelenka: I'm wondering if the chair would entertain separate motions on the two different incentive packages, the moderate income and the commercial centers, when it comes time for motions.

>> It's all one ordinance. So that would be -- it would have to be a motion to amend to remove something from the ordinance because what the current motion is, is to adopt a single ordinance that encapsulates it all. You could say you don't want to do one, and we can return back with a modified ordinance. But as it stands right now, you couldn't adopt the ordinance without both of them in there.

>> Zelenka: OK.

>> Mayor Knudson: Councilor Groves.

>> Groves: Thank you, Mayor. I thought I was going to get through this without a comment or a question. But, Amanda, when I heard you say commercial

exemption if it qualified for community benefit, what's that look like? because to me, if they exist, they hire people, and they pay taxes, that seems like a community benefit. Is there more than that?

>> No. I would say the language is intentionally vague. it's up to the council what they deem to be a public benefit. We left it vague. And the state's statutes are also vague about what constitutes a public benefit. It's probably different for each community. Maybe based on the location. But it would be up to your discretion to determine what is a public benefit.

>> Clark: OK. Thank you.

>> Mayor Knudson: Thank you, council. Councilor Keating.

>> Keating: Thank you, Mayor. Can you hear me?

>> Mayor Knudson: Yes.

>> Keating: Thanks. Amanda, what if it -- or what's the review process if this council determines a public benefit at one point and then the use changes five, 10 years down the road that subjectively isn't a public benefit? what's the review process at that point?

>> Good question. If it's 10 years, that's easy, because the exemption would be over and all the strings attached to the project would no longer apply. If at the -- I guess the way the resolution works, we outline what the public benefit is. And so it like -- if it was -- they were just going to have commercial uses on the ground floor and that's what was approved, I think they would have to continue to use it. I think there would be flexibility if a tenant came in and out. I can't think of an example of what pivot that would happen that we would be concerned about.

>> If it were a retail use, and then it shifted to something that was perceived as undesirable.

>> Keating: They violated the income restrictions.

>> I think, Keating, that you are asking about the commercial space.

>> Keating: I am.

>> We haven't run into that.

>> We haven't run into it.

>> We have only had, I guess, a couple -- right now only one commercial exemption that's been used, and that was the Gordon lofts, in the fifth street market area. So we have never run into that yet.

>> Keating: OK. OK.

>> We can think about how we capture that in the approval resolution.

>> Keating: That would be welcome. I would welcome having those guard rails. If a place tells us they are going to weave in a community center or a community space, and then they don't fulfill that promise several years down the road, this body should have the ability to leverage appropriately. Or if fundamentally the use changes. So thank you for that. While I do wish that we would start with providing incentives along tier one transportation lines, I recognize that this effort -- this approach is more broad, and probably satisfies state law better than if we were just to restrict to tier one transportation lines. Tier one as I interpret it transit lines that are top priority to be plowed in inclement weather. But I am concerned that some of the proposed areas are along transit lines that are continuously threatened. What happens if our ltd partners suffer massive shortfalls and have to cut into lines -- transit lines, unfortunately. I hope that doesn't happen. But some of the service areas are only being served once an hour already. And what's the -- what happens - - if our transit service provider in this community were to scale back even further, and we're providing incentives to build along transit lines that are tenuous at best.

>> That's a good question and one that we've talked about. We know that ltd is about to start their long range strategic planning which could affect the routes. We plan on coming back in two years with an update on the program. If there's any routes that have changed or anything about the programs that we want to amend, that would be a great point to make those changes. And, again, we proposed that as a pilot so we'll also be coming back near the end of that pilot to talk about what we want to do next. We intentionally built in check-in points allowing opportunities to adjust the program as needed to respond to various factors.

>> Keating: Great. It's my understanding, then, those check-in points are every two years?

>> We proposed one for two years. At the two-year mark, we can talk about the next one. And that would be in 2029, is the intended check-in point.

>> Keating: I would appreciate that, that review every two years. So thank you. I look forward to supporting Councilor Leech's pending motion. Thank you.

>> Mayor Knudson: Thank you, council. Councilor Zelenka, is your hand still up or is this a new --

>> Zelenka: Quick question.

>> Mayor Knudson: Yes, Councilor. Just one minute and one quick question.

>> Zelenka: So this puts the program in place. It doesn't approve any projects. All projects still have to come back to council for approval, correct?

>> Yes. That's correct.

>> Zelenka: OK.

>> Mayor Knudson: Thank you. And I'll now turn to the council president to put a motion forward.

>> Leech: Thank you. Move to approve the ordinance concerning housing production incentives and adding sections 2.950, 2.951, and 2.952 to the Eugene code.

>> Second.

>> Mayor Knudson: Any further discussion? Seeing none. Show of hands, all those in favor. The motion passes with a vote of 8-0. Thank you, staff, for that presentation and all of the many layers of work that have gone into this. Our community cares deeply about housing affordability, about the access to affordable housing, about the production of housing, and the stability that it provides for every person who is here. And this is an important piece of that work. So appreciate the many months and in some cases years of effort that have gone into this conversation. Thank you to everyone. That does conclude our agenda for today. I will now close the July 15, 2026, City council work session, but not without saying thank you, City council, for your time in this first heavy half of 2026. We're past the mid point of the year, but we will return in our regular meetings after the council break and see you again on September 8, if not for a remote meeting in between. And thank you all for your time today. We are adjourned. [gavel sounding]