



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

May 18, 2020

7:30 p.m. CITY COUNCIL PUBLIC HEARING

Due to Governor Kate Brown's Stay Home, Save Lives Executive Order to combat the spread of Covid-19, this meeting will be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

**Meeting of May 18, 2020;
Her Honor Mayor Lucy Vinis Presiding**

Councilors

Emily Semple, President
Mike Clark
Chris Pryor
Betty Taylor

Jennifer Yeh, Vice President
Greg Evans
Claire Syrett
Alan Zelenka

7:30 p.m. CITY COUNCIL PUBLIC HEARING

- 1. PUBLIC HEARING: An Ordinance Concerning Multiple-Unit Property Tax Exemptions and Amending Sections 2.946 and 2.947 of the Eugene Code, 1971 (Ordinance to Incorporate State Updates to MUPTE's Green Building and Construction Deadline Provisions).**
- 2. PUBLIC HEARING: An Ordinance Concerning Low-Income Rental Housing Property Tax Exemptions and Amending Sections 2.939 and 2.940 of the Eugene Code, 1971.**

Adjourn.

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

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

For more information, contact the Council Coordinator at 541-682-5010,
or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Public Hearing: An Ordinance Concerning Multiple-Unit Property Tax Exemptions and Amending Sections 2.946 and 2.947 of the Eugene Code, 1971 (Ordinance to Incorporate State Updates to MUPTE's Green Building and Construction Deadline Provisions)

Meeting Date: May 18, 2020
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Amanda D'Souza
Contact Telephone Number: 541-682-5540

ISSUE STATEMENT

The City Council is asked to hold a public hearing regarding an ordinance which updates the Multi-Unit Property Tax Exemption (MUPTE) program to incorporate changes made by the State of Oregon. The proposed changes include a) extension of the construction deadline, b) update of the special energy code referenced in the green building requirements, and c) removal of an obsolete pathway for meeting the green building requirements.

BACKGROUND

MUPTE is an incentive program to encourage high-quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. Enabled by state law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by city council. In 2015, after a two-and-a-half-year review, council revised the MUPTE program criteria, process, and boundary. (See Attachment B for a summary of program changes.)

Construction Deadline

The Eugene Code currently states that in order for a project to receive the 10-year tax exemption, construction must be completed by January 1, 2022, which was aligned with state statutes. Last year, the Oregon Senate passed Senate Bill 262 that extended the date by 10 years. The proposed ordinance extends the construction date from January 1, 2022 to January 1, 2032, to match last year's legislation.

Green Building Update

As part of the 2015 revisions to the MUPTE program, projects must demonstrate several public benefits, including Green Building Features. To comply with this requirement, approved projects must perform at least 10 percent more efficiently than the energy code adopted by the State of Oregon. The MUPTE ordinance and administrative rules specifically reference the energy code

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that was in place at the time (in 2015). Last year, the State adopted a new standard energy code. The proposed ordinance updates the specialty energy code referenced to match the new standard energy code recently adopted by the State of Oregon (Oregon Zero Energy Ready Commercial Code, OZERCC). This ensures that future MUPTE projects will need to perform 10 percent better than the current specialty energy code.

The MUPTE program outlines several pathways projects can utilize to meet the Green Building Features public benefit. One of the pathways identified in the 2015 program update, obtaining NW Energy Star certification, is no longer offered by Eugene Water and Electric Board. The proposed ordinance removes this as one of the pathways available to projects.

Next Steps

Council is scheduled to take action on this ordinance at its May 26, 2020, meeting. If the ordinance is approved, staff will initiate an update of the program's administrative rules to reflect the changes.

PREVIOUS COUNCIL DIRECTION

[July 13, 2015 Work Session](#)

Council approved the ordinance amending and reinstating the Multi-Unit Property Tax Exemption program.

[September 26, 2011 Meeting](#)

Council approved the ordinance extending the construction deadline for MUPTE projects from January 1, 2012 to January 1, 2022.

No action is required at this time. Council action on the proposed ordinance is scheduled for May 26, 2020.

ATTACHMENTS

- A. Proposed Ordinance
- B. Summary of 2015 MUPTE Program Changes

FOR MORE INFORMATION

Staff Contact: Amanda D'Souza
Telephone: 541-682-5540
Staff E-Mail: adsouza@eugene-or.gov

ORDINANCE NO. _____

AN ORDINANCE CONCERNING MULTIPLE-UNIT PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS 2.946 AND 2.947 OF THE EUGENE CODE, 1971

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Subsections (2)(f), (2)(i), and (2)(j) of Section 2.946 of the Eugene Code, 1971, are amended to provide as follows:

2.946 Multiple-Unit Housing – Threshold Criteria and Public Benefits.

(2) Criteria for Approval. No exemption may be approved under subsection (7) of section 2.945 of this code unless all of the following criteria are met:

(f) Green Building.

1. Green building requirements apply only to the residential occupancy areas and common areas such as hallways, stairwells, centralized HVAC or hot water heating, and laundry facilities. The requirements do not apply to the commercial areas or ancillary amenities such as parking garage, swimming pools, and recreation centers.
2. The project will perform at least 10% more efficiently than the performance established in the [~~Oregon Energy Efficiency Specialty Code (OEESC)~~ or similar code adopted by the State of Oregon] **Oregon Zero Energy Ready Commercial Code (OZERCC).**
 - a. Green building requirements for one to three story multiple-family buildings are as follows:
 - (1) Obtain LEED v4 for homes low-rise multiple-family basic certification and modeled at least 10% above current [~~OEESC~~] **OZERCC**; **or**
 - (2) Obtain earth advantage multiple-family silver level certification and provide a commissioning report. [~~or~~
 - (3) ~~Obtain NW Energy Star certification through the Eugene Water and Electric Board program and provide a commissioning report.]~~
 - b. Green building requirements for four stories and above multiple-family buildings are as follows:
 - (1) Obtain LEED for homes midrise basic certification and modeled at 10% above current [~~OEESC~~] **OZERCC**; **or**
 - (2) City review of the project demonstrates that:
 - (A) Model building energy performance, utilizing the LEED for homes midrise energy modeling methodology, shows that the building will

- perform 10% above current [~~OEE~~SG] **OZERCC** performance;
 - (B) The building is constructed to modeled plans;
 - (C) Commissioning report has been provided prior to issuance of certificate of occupancy; and
 - (D) Applicant commits to working with city to report multiple-family occupancy energy use data to city for the tax exempt period.
3. Projects that will provide onsite parking are required to install conduit for future electric vehicle charging stations.
-
- (i) In the case of the construction of, or the addition or conversion to multiple-unit housing, the construction, addition or conversion will be completed on or before January 1, [~~2022~~] **2032**.
 - (j) In the case of multiple-unit housing subject to a low income housing assistance contract with an agency or subdivision of this state or the United States,
 - 1. The application for exemption was made on or before January 1, [~~2022~~] **2032**;
 - 2. It is important to the community to preserve the housing as low income housing and it is probable that the housing would not be produced as or remain low income housing without the exemption being granted.

Section 2. Subsections (1)(d), and (5) of Section 2.947 of the Eugene Code, 1971, are amended to provide as follows:

2.947 Multiple-Unit Housing - Termination of Approval, Review.

- (1) Except as provided in subsection (8) of this section, after a resolution approving an application has been filed, if the city manager finds that:
 -
 - (d) Construction of multiple-unit housing was not completed on or before January 1, [~~2022~~] **2032**, or
 -

the city manager shall notify the council; the owner of the property, at the owner's last known address; and any known lender, at the lender's last known address, of the manager's intention to recommend to the council that the exemption be terminated. The notice shall clearly state the reasons for the proposed termination, and shall require the owner to appear before the council, at a time specified in the notice, which shall not be less than 20 days from the date the notice was mailed, to show cause, if any exists, why the exemption should not be terminated.
-
- (5) If construction, addition, or conversion of multiple-unit housing is not completed by January 1, [~~2022~~] **2032**, upon receipt of a request from the property owner, the council may, by resolution, extend the deadline for completion of construction of multiple-unit housing for a period not to exceed 12 consecutive months, if it finds the failure to complete construction by the time specified in the resolution was due to circumstances beyond the control

of the owner, and that the owner had been and could reasonably be expected to act in good faith and with due diligence.

Section 3. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Passed by the City Council this

___ day of _____, 2020

Approved by the Mayor this

___ day of _____, 2020

City Recorder

Mayor

Summary of MUPTE Program & Process Diagram

MUPTE Program

MUPTE is an incentive program to encourage high quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. Enabled by state law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by council. The objective strongly aligns with several of the pillars of Envision Eugene. Increasing the amount of multi-family housing in the downtown helps reduce pressure on urban growth boundary (UGB) expansion and protects existing neighborhoods, and takes advantage of existing infrastructure.

During the exemption period, property owners still pay taxes on the assessed value of the land and any existing improvements on the property. Council can deem commercial portions of a project to be a public benefit and include them as part of the exemption along with the residential portion.

In 2015, after a two-and-a-half year review, council revised the program criteria, process, and boundary. The program changes:

- Removed student housing as an eligible project type
- Increased the required energy efficiency
- Required higher quality design, with design at approval attached to the resolution
- Expanded neighborhood involvement
- Added a moderate-income housing contribution
- Added local economic impact plan
- Added demonstrated project need reviewed by an independent financial consultant
- Added a community member third-party review (MUPTE Review Panel described below)

See below for the process diagram and boundary map. The Required Public Benefit criteria are:

- Compact Urban Development
- Green Building Features (*ensuring building energy performance is 10% above code*)
- Local Economic Impact Plan (*including support for local businesses, minority and women business enterprises, and ensuring compliance with laws*)
- Moderate-Income Housing Contribution
- Project Design and Compatibility (*including scale, form, and quality of the building; mixture of project elements; relationship to the street and surrounding uses; and parking and circulation*)
- Historic and Existing Housing Sensitivity
- Project Need

MUPTE Review Panel

The 2015 MUPTE update established a Review Panel, tasked with providing a third-party review of individual applications for the City Manager. The Review Panel:

- Reviews the project applications, including the consultant's review of the project's financial projections.

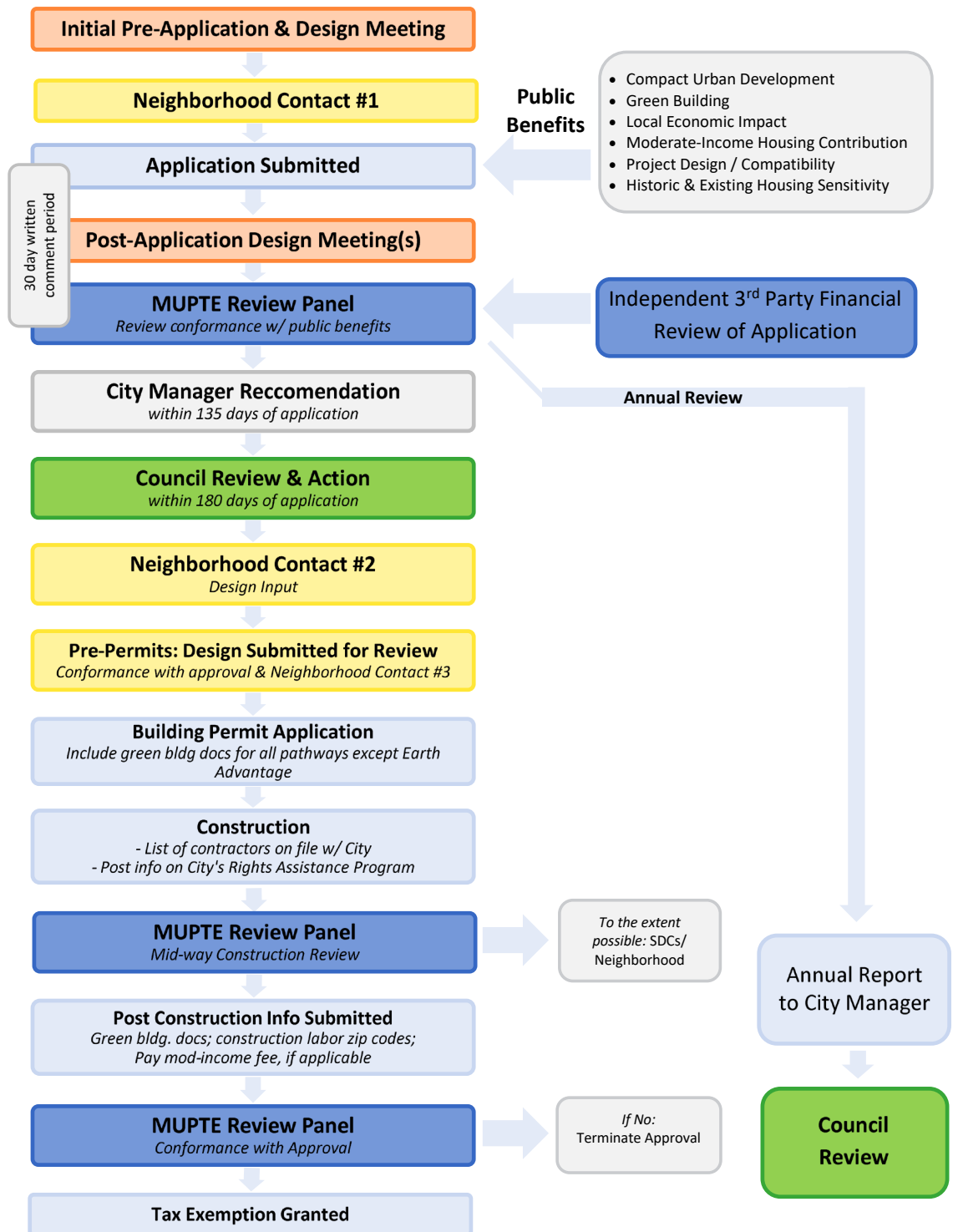
- Reviews the applicant's conformance with the Required Public Benefits and making recommendations regarding approval/denial of the tax exemption to the City Manager.
- Reviews the project's conformance with approval requirements midway through construction, at completion of construction, and during the exemption period.
- Assists the City Manager in preparing an Annual Report on progress of the approved projects, program volume cap, and reporting documentation.

The Review Panel consists of two at-large neighborhood representatives selected by neighborhood association boards, an additional two representatives selected by the board of the neighborhood association in which the proposed project is located, and six technical professionals selected by the City Manager from the following six groups: architects/green building specialists; building trades union; developers; environmental professionals; public health professionals; and human rights representatives. Prior Review Panel reports can be found at www.eugene-or.gov/MUPTE

MUPTE Boundary



MUPTE Application & Review Process



Annually:

- Moderate-income housing: Pay fee in years 3 – 10 or update lease rates on mod-income units & submit docs.
- BPS pathway energy usage, if applicable.

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Public Hearing: An Ordinance Concerning Low-Income Rental Housing Property Tax Exemptions and Amending Sections 2.939 and 2.940 of the Eugene Code, 1971.

Meeting Date: May 18, 2020
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Ellen Meyi-Galloway
Contact Telephone Number: 541-682-5532

ISSUE STATEMENT

The City Council will hold a required public hearing to consider an ordinance amending the Eugene Code to extend the sunset date for the 20-year Low-Income Rental Housing Property Tax Exemption program (LIRHPTE). The proposed ordinance would extend the sunset date by 10 years, as enabled by state statute. Action on this item is scheduled for May 26, 2020.

BACKGROUND

The Low-Income Rental Housing Property Tax Exemption is enabled by state statute ORS 307.515-307.540. The 20-year exemption is for properties offered for rent to low-income households or properties in predevelopment being held for the purpose of constructing low-income rental housing. Low-income rental housing is defined as housing affordable to households earning no more than 60 percent of the area median income (AMI). Applicants requesting a 20-year exemption can be non-profit housing providers or other entities providing low-income rental housing.

In 1990, City Council adopted the LIRHPTE program to facilitate the development of affordable housing for low-income persons. In compliance with provisions enacted by the Oregon Legislature, the City Council adopted Sections 2.937 to 2.940 of the Eugene Code, 1971, which provide procedures for granting exemptions from ad valorem taxes on low-income rental housing.

The Oregon Legislature extended the sunset for the LIRHPTE program by 10 years to July 1, 2030. In order to continue the program, Subsection (3)(c) of Section 2.939 and (1)(a) and (4) of Section 2.940 of the Eugene Code, 1971, would need to be amended to reflect the extended date by which an application can be submitted and the date by which construction must be completed. Please see the draft ordinance in Attachment A.

The proposed ordinance will extend the life of the LIRHPTE program by 10 years, which will allow more time for new housing developments to apply for LIRHPTE tax exemptions and existing housing developments to renew their property tax exemptions, increasing the period that the development would be able to provide affordable rents for low-income households. The exemption helps affordable housing developers to both finance new construction and to preserve existing affordable housing units.

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The proposed ordinance will simply extend the life of the LIRHPTE program. It does not approve any specific LIRHPTE applications. Each LIRHPTE application must be separately approved by Council by resolution. Applicants must demonstrate a direct reduction in rent as a result of the exemption.

Program Impact

Since 1990, Eugene has approved 33 property tax exemptions for low-income developments totaling over 1,400 housing units throughout the city (Attachment B). A list of recently approved exemptions is in Attachment C. The property tax exemption plays a significant role in reducing rents for low- and very-low income residents of Eugene. The benefit of the exemption varies based on development size and appraised tax value. The rent reduction amount is approximately \$100 or more per month per unit. This estimate is based on annual reporting from developments currently receiving a LIRHPTE.

The LIRHPTE program, along with commitment of other local resources, enables Eugene affordable housing developers to successfully compete for and leverage highly competitive state and federal resources for the continued development of quality affordable housing in Eugene. These developments also help support the local economy through the creation of construction jobs and permanent property management, building maintenance, and service provider jobs. Extension of the LIRHPTE program through the proposed ordinance would allow Eugene projects to continue to leverage those resources.

PREVIOUS COUNCIL DIRECTION

City Council meeting April 11, 2011

City Council held a public hearing to amend the LIRHPTE ordinance to extend the LIRHPTE sunset date 10 years (to 2020) and allow developments to apply for a renewal of the LIRHPTE in year 20.

City Council work session April 13, 2011

City Council voted to amend the LIRHPTE ordinance to extend the LIRHPTE sunset date 10 years (to 2020) and allow developments to apply for a renewal of the LIRHPTE in year 20.

No action is required at this time. Council action on the proposed ordinance is scheduled for May 26, 2020.

ATTACHMENTS

- A. Draft Ordinance
- B. Locations of Developments Receiving LIRHPTEs
- C. Recently Approved LIRHPTEs

FOR MORE INFORMATION

Staff Contact: Ellen Meyi-Galloway, Housing Finance Analyst
Telephone: (541)682-5532
Staff E-Mail: EMeyi-Galloway@eugene-or.gov

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ORDINANCE NO. _____

AN ORDINANCE CONCERNING LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS 2.939 AND 2.940 OF THE EUGENE CODE, 1971.

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Subsection (3)(c) of Section 2.939 of the Eugene Code, 1971, is amended to

provide:

2.939 Low-Income Rental Housing Property Tax Exemption - Review, Approval or Denial of Application.

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- (3)** As an alternative to an application considered under subsection (2) of this section, the city manager shall recommend approval of an application, and the council shall grant the exemption upon determining the applicant meets the criteria set forth in subsections (2)(e), (f), (g), (h) and (i) of this section and all the following criteria:

-
- (c) The applicant's application was filed prior to ~~[January 1, 2020]~~ **July 1, 2030**;
-

Section 2. Subsections (1)(a) and (4) of Section 2.940 of the Eugene Code, 1971, are amended

to provide:

2.940 Low-Income Rental Housing Property Tax Exemption - Termination.

- (1)** If after a resolution approving an application for exemption hereunder has been filed with the county assessor the city manager finds that:
- (a) Construction or development of the exempt property differs from the construction or development described in the application for exemption, or was not completed ~~[or]~~ on or before ~~[January 1, 2020]~~ **July 1, 2030**, and no extensions or exceptions as provided in subsection (4) hereof have been granted; or,
-
- (4)** Upon receipt of a request from the property owner, the council may, by resolution, extend the deadline beyond ~~[January 1, 2020]~~ **July 1, 2030** for completion of construction of the low-income rental housing for a period not to exceed 12 consecutive months, i.e., ~~[January 1, 2021]~~ **July 1, 2031**, if it finds the failure to complete construction by ~~[January 1, 2020]~~ **July 1, 2030** was due to circumstances beyond the control of the owner, and that the owner had been and could reasonably be expected to act in good faith and with due diligence. If property granted an exemption hereunder is subsequently

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destroyed by fire or act of God, or is no longer capable of owner-occupancy due to circumstances beyond the control of the owner, the exemption shall cease, but no additional taxes shall be imposed upon the property under ORS 307.531 or 307.533.

Section 3. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Passed by the City Council this

___ day of _____, 2020

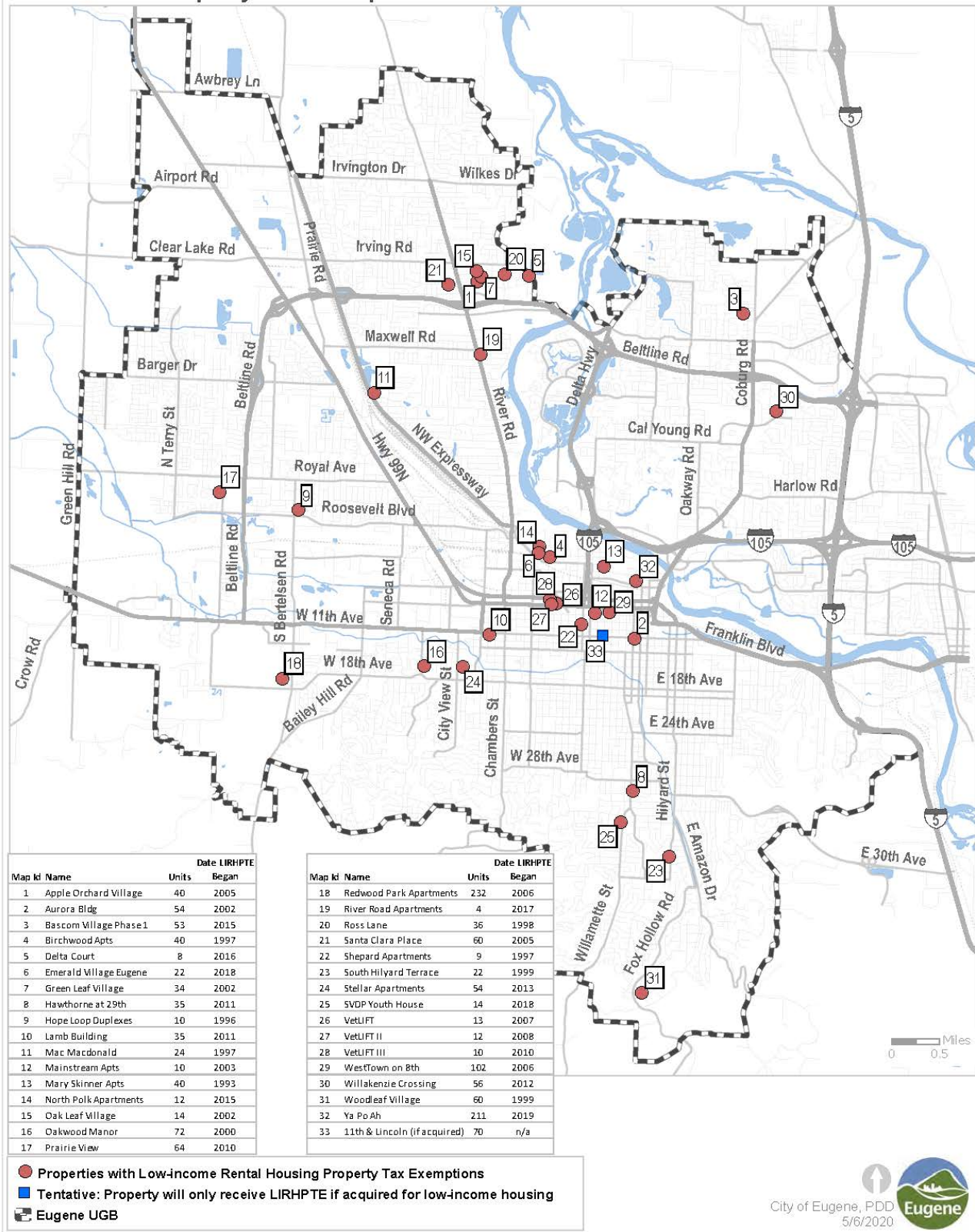
Approved by the Mayor this

___ day of _____, 2020

City Recorder

Mayor

Low Income Property Tax Exemptions



Caution: This map is based on imprecise source data, subject to change, and for general reference only.

New LIRHPTEs Approved 2015-2020

Development Name	Owner	Project Type	Year LIRHPTE Began	Number of Units Impacted
Bascom Village Ph. 1	St. Vincent de Paul	New Construction	2015	53
North Polk Apartments	DevNW	Acquisition-Rehab	2015	12
Delta Court	Cornerstone Community Housing	Acquisition-Rehab	2016	8
River Rd Apts	DevNW	Acquisition-Rehab	2017	4
SVDP Youth House	St. Vincent de Paul	Acquisition-Rehab	2018	14
Emerald Village Eugene	Square One Villages	New Construction	2018	22
Ya Po Ah Terrace	EURA	Preservation	2019	211
TOTAL Units Impacted				324

LIRHPTE Renewals Approved 2015-2020

Development Name	Owner	Project Type	Year LIRHPTE Began	Number of Units Impacted
Birchwood Apts	Birchwood LLC	Preservation	1997	40
Mac McDonald	St. Vincent de Paul	Preservation	1997	24
Ross Lane	St. Vincent de Paul	Preservation	1998	36
Woodleaf Village	Peak	Preservation	1999	60
S Hilyard Terrace	St. Vincent de Paul	Preservation	1999	22
Oakwood Manor	St. Vincent de Paul	Preservation	2000	72
TOTAL Units Impacted				254