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www.eugene-or.gov

# EUGENE CITY COUNCIL AGENDA

**January 14, 2019**

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

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**Meeting of January 14, 2019;**
**Her Honor Mayor Lucy Vinis Presiding**

**Councilors**

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| Mike Clark, President | Betty Taylor, Vice President |
| Greg Evans | Chris Pryor |
| Emily Semple | Claire Syrett |
| Jennifer Yeh | Alan Zelenka |

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

***Mayor:*** *I call the January 14, 2019, work session of the Eugene City Council to order.*

1. **Committee Reports and Items of Interest**
2. **WORK SESSION: Housing Tools and Strategies – Construction Excise Tax**
3. **UPDATE: Eugene Public Library – Year 2 Levy Report**

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

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# EUGENE CITY COUNCIL
# AGENDA ITEM SUMMARY

Work Session: Housing Tools and Strategies – Construction Excise Tax

Meeting Date: January 14, 2019
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Denny Braud
Contact Telephone Number: 541-682-8817

**ISSUE STATEMENT**

Housing affordability and availability is a long-standing and growing problem in Eugene. In response to multiple work sessions on the topic, council directed staff to implement a six-month process to identify potential tools and strategies available to the City to address housing affordability, availability and diversity for all income levels. A key tenet of the direction was to include broad stakeholder engagement in the process. Staff summarized the community engagement process, the outcomes from that process, and recommended next steps for council in early December 2018.

This Housing Tools and Strategies process identified a number of options to increase the inventory of affordable housing, including establishing a Construction Excise Tax. Today's work session is focused on the option of establishing a CET as a local source of funding for an Affordable Housing Fund.

**BACKGROUND**

The community and City Council have clearly stated, in a variety of public engagement processes and policy documents, that an adequate supply of housing is a high-priority goal. One of the seven Envision Eugene Pillars is:

*Provide housing affordable to all income levels.*

The City has many programs and tools that aim to increase the supply of housing across the income spectrum. The problem, however, continues to grow.

In the first half of 2018, council had multiple work sessions that focused on housing supply issues, covering accessory dwelling units, missing middle housing types, state laws that affect housing, and a construction excise tax. In these different work sessions, City Council asked for information that would provide actions to achieve specific outcomes:

- Reduce the cost to build diverse housing types at various levels of affordability;
- Establish a local funding source for affordable housing; and
- Support the Envision Eugene pillars.

At the end of May, council directed staff to implement a process that would tie together the many overlapping initiatives and proposals that address housing issues. The goal of the process was to provide council with an objective, fact-based work product informed by stakeholder perspectives and to guide future policy decisions to achieve the above outcomes.

Staff implemented the Housing Tools and Strategies project to meet this council directive. The HTS project has had three basic elements:

- Identify housing issues through stakeholder engagement;
- Identify potential tools, strategies, and actions; and
- Evaluate potential tools, strategies, and actions.

Staff contracted with two consultants to support the HTS project: a professional facilitator (Carrie Bennett of Learning Through Difference, LLC) to implement the stakeholder engagement process and an economics firm (Strategic Economics) to provide technical analysis of the tools and strategies that can address the affordability of housing in Eugene.

***Engagement Process***

The engagement process focused on assembling a Working Group of 36 stakeholders representing three broad categories: housing affordability, development barriers, and community values. The Working Group members agreed that the challenge of housing affordability in Eugene is indeed a problem and one that the City can and should act to address. The group agreed that the impacts of housing (un)affordability extend far beyond those experiencing the problem directly with negative impacts rippling throughout the community.

In all, the working group discussed and evaluated 83 different options of ways that the City might increase the affordability, availability and diversity of housing in Eugene. The options fell into four broad categories:

- Strategy 1: Remove Land Code Barriers
- Strategy 2: Reduce the Time and Cost Burden for Development of Housing
- Strategy 3: Increase Inventory of and Access to Affordable Units
- Strategy 4: Other

In addition to the direct engagement with the Working Group, staff conducted research regarding best practices to address housing affordability. Staff looked both at best practices from other cities and collaborated with Better Housing Together, a community-led initiative with over 40 member-organizations working to increase the affordability, diversity and supply of housing in Lane County.

Better Housing Together conducted extensive outreach in 2018 with individuals who play a direct role in bringing housing to the market, including real estate professionals, affordable housing developers, architects, private builders, and others. They provided insight into how the City's policies and administrative procedures affect the cost and type of housing production in Eugene.

***Triple Bottom Line Framework***
The project addressed the Triple Bottom Line framework primarily from the standpoint of considering social equity, through the deliberate involvement of traditionally under-represented populations on the Working Group. Values related to economic prosperity and environmental sustainability were surfaced by the group members as part of defining housing affordability as a 'wicked problem' that requires trade-offs between these values. Economic prosperity was also considered in the work done by Strategic Economics on the project. Participants were, in essence, considering the TBL as they deliberated with each on the various options to address barriers to housing affordability.

At the December 12, 2018, work session, council directed staff to implement 12 items that are administrative in nature that can reduce the cost of constructing housing in Eugene. Staff are focused on moving these items forward as quickly as possible in 2019 and will keep council updated on progress being made. At that time, council deferred consideration of a CET until January 2019. Staff will also be bringing back for council consideration the remaining recommendations identified through the Housing Tools and Strategies process that require council action to implement.

***Construction Excise Tax***
In 2016, the State of Oregon passed SB 1533, which enabled local jurisdictions to adopt a CET to support the development of affordable housing. A CET is a one-time tax imposed on new construction, where an established tax rate (percentage) is multiplied by the permit valuation of the construction permit. The CET is assessed at the time building permits are issued.

SB 1533 allows up to a 1 percent tax for residential construction but sets no limit on a tax rate for commercial construction. A CET would apply to the costs of improvements to residential property that result in a new residential structure or a remodel that adds living space and on improvements to commercial and industrial real property that results in a new structure or additional square footage.

Based on Eugene residential and commercial construction activity over the two year period from April 2016-2018, it was estimated that a 0.33 percent CET would generate almost $1.0 million, a 0.5 percent CET would generate roughly $1.5 million, and a 1 percent CET nearly $3 million.

To date, at least nine jurisdictions in Oregon have adopted a CET.

**RELATED CITY POLICIES**
There are multiple City plans and policies related to housing. The primary policy documents are briefly summarized below.

***Eugene-Springfield 2015 Consolidated Plan***
The Consolidated Plan provides an assessment of local housing, homelessness and community development needs, identifies priority needs for use of funds received from HUD, and presents strategies to address the priority needs. The Consolidated Plan adopted by Eugene City Council in 2015 identifies low-income renters as a priority population and includes five specific strategies

for expanding affordable housing options and access for people with limited incomes. Staff will begin updating the Consolidated Plan in 2019.

***Envision Eugene Community Vision***
The seven pillars, or community values, include *Provide housing affordable to all income levels.* Housing strategies in the 2012 recommendation include planning for a higher proportion of multi-family housing in the future, expanding housing variety and choice, assessing the applicability of a housing and transportation affordability index, supporting subsidized affordable housing projects, and continuing existing programs that support preservation and rehabilitation of existing housing stock.

***Urban Growth Boundary Adoption Package***
Eugene's *Housing Needs Analysis* identifies a need for all housing types and price levels to meet the community's 20-year needs. In order to fit all of the community's needed housing inside the existing UGB, council directed staff to continue existing incentive programs for higher-density housing downtown and to increase the minimum density requirement in the R-2 medium-density residential zone. Council direction also launched the Clear and Objective standards update, Urban Reserves planning, and a Growth Monitoring program.

**COUNCIL OPTIONS**
Council options are:

***Option 1.*** Direct the City Manager to prepare a draft ordinance for council consideration and *schedule a Public Hearing* to create a Construction Excise Tax to support an Affordable Housing Fund. The CET would include the following provisions:

i. 0.33% tax rate effective July 1, 2019
ii. 0.50% tax rate effective July 1, 2020
iii. CET rate would apply to residential and commercial types of construction, consistent with state statute.
iv. In addition to state-mandated exemptions, the following would be exempted from the CET: Affordable housing projects, projects receiving a Multi-Unit Property Tax Exemption, and houses priced at less than $250,000.
v. Establish an advisory committee to recommend CET allocations.
vi. The total CET imposed on any single or multi-phase project would be capped at $1,000,000.
vii. During the first two years (July 2019 – June 30, 2021), the City will offset the cost of the CET paid by an applicant by an equivalent reduction in Systems Development Charges.
viii. During the first two years (July 2019 – June 30, 2021), designate City funds, equivalent to the reduction in SDCs, to the appropriate SDC fund.
ix. Designate $500,000 per year of City funds to the Affordable Housing Fund.
x. Council review of program every two years beginning in 2021

***Option 2.*** Direct the City Manager to prepare a draft ordinance for Council consideration *at a future work session* to create a Construction Excise Tax (CET) to support an Affordable Housing Fund with the provisions in Option 1.

***Option 3.*** Amend Option 1 or Option 2

***Option 4.*** Take no action at this time.

**CITY MANAGER'S RECOMMENDATION**
City Manager recommends Option 1.

**SUGGESTED MOTION**
Move to direct the City Manager to prepare a draft ordinance for council consideration and schedule a Public Hearing to create a Construction Excise Tax to support an Affordable Housing Fund that includes the provisions described in Option 1.

**ATTACHMENTS**
None

**FOR MORE INFORMATION**
Staff Contact: Denny Braud, Community Development Division
Telephone: 541-682-8817
Staff E-Mail: Dbraud@eugene-or.gov

# EUGENE CITY COUNCIL
# AGENDA ITEM SUMMARY

## Update: Eugene Public Library – Year 2 Levy Report

Meeting Date: January 14, 2019 | Agenda Item Number: 3
Department: Library, Recreation and Cultural Services | Staff Contact: Ben Klipfel
*www.eugene-or.gov* | Contact Telephone Number: 541-682-5363

**ISSUE STATEMENT**
The purpose of this update is to report on the second year of the expanded "Library of the Future" services, provided with levy funding.

**BACKGROUND**
On November 3, 2015, the City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning July 2016. The expanded services promised in the levy were in three categories:

1. More hours and access
2. More programs for all ages
3. More materials and technology

Accountability and transparency were built into the levy measure through an annual review by the citizen Library Advisory Board.

**RELATED CITY POLICIES**
This item relates to the following City Council Goals:

- Accessible and Thriving Culture and Recreation: A community where arts and outdoors are integral to our social and economic well-being and are available to all.
- Sustainable Development
- Effective and Accountable Municipal Government

**COUNCIL OPTIONS**
This is an informational item.

**CITY MANAGER'S RECOMMENDATION**
No City Manager recommendation.

**SUGGESTED MOTION**
No motions provided.

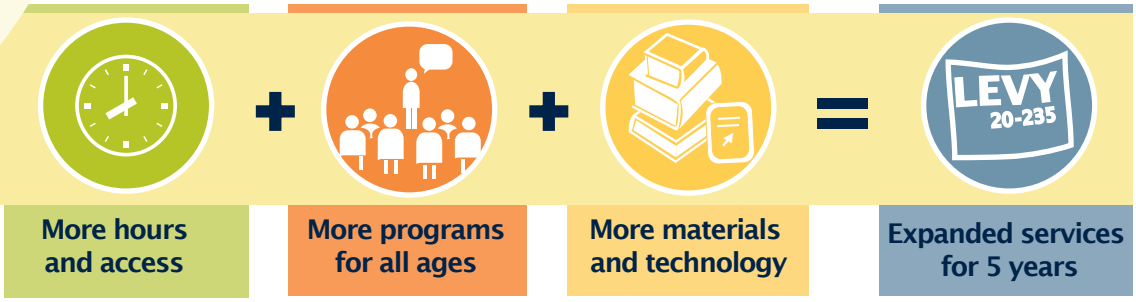
**ATTACHMENTS**
A. Eugene Public Library: Year 2 Levy Report as approved by the Library Advisory Board
B. Memo to City Manager Jon Ruiz from the Library Advisory Board Chair, Tristan Bentzinger

**FOR MORE INFORMATION**
Staff Contact: Ben Klipfel
Telephone: 541-682-5363
Staff E-Mail: BKlipfel@eugene-or.gov

Eugene Public Library

# Year 2 Levy Report

## Building Our Expanded Services




On November 3, 2015, City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning in July 2016.

Eugene Public Library (EPL) supports an informed community, lifelong learning, and the love of reading by providing access for all city residents to the universe of ideas and information. The levy funds provide increased hours, free programs, and materials and technology at all Eugene Public Library locations: Downtown, Bethel, and Sheldon. These expansion areas were selected in response to the community needs expressed during *Library of the Future* community engagement efforts.

This report covers the time period of July 1, 2017 to June 30, 2018 (FY18).

## More Hours and Access

***Levy Promise:*** *The levy added 22 hours each week at the neighborhood Bethel and Sheldon Branches, bringing each to a total of 48 open hours across six days. Sunday morning hours were restored at the Downtown Library.*

**FY18 - Total Visitors for the Year:** 1,158,737 (Up 10% with increased hours)

Increased hours provided more opportunities for cardholders to come and borrow materials.

**Circulation in FY18**
**Downtown Library:** 2,029,180
**Bethel Branch:** 158,364
**Sheldon Branch:** 221,103
**Electronic materials:** 291,949
**Total:** 3,700,601 (Up 10% with the increased open hours)

**Total Registered Borrowers:** 107,763, which is an increase of 6,108 from FY17.

**Expanding the volunteer program at EPL contributed to the increased access offered to all Eugeneans. In FY18, 151 new volunteers joined the other EPL volunteers, totaling 368 community members volunteering last year.**

# More Programs for All Ages

***Levy Promise:*** *Increasing events by 33% over the life of the levy with a particular focus on priorities identified by the community: support for young readers and their parents; activities and programs for teens; and "maker" opportunities (access to tools and skills training for individuals or small businesses, including new technologies). An additional priority was to deliver more Library programs off-site.*

**Adults, teens, and kids are informed, entertained, and inspired at EPL programs.**
**In FY18, the total number of programs delivered was 2,173, exceeding the goal of 1,800.**
**Total attendance at programs for in FY18 was 67,478.**

**YOUNG READERS:** Language-rich activities help young children develop the skills they'll need as they grow into learning to read. Storytimes provide pre-literacy skill development for children and training for their parents. Every week the Library offers 12 Storytimes, plus the offsite Storytime-To-Go program.

In FY18, a total of 986 programs for young kids, were attended by 30,012 people.

**TEENS:** Teen Services were expanded even further in FY18. EPL adopted a national renowned approach to teen services that puts an emphasis on hanging out, messing around, and geeking out. To support this, the teen space at the Downtown Library doubled in size when movies and music were relocated to the 2nd floor. The lives of many teens have been touched in numerous ways: help passing GED exams; introducing them to their new favorite author; teaching them technology skills to help prepare them for future tech jobs; and so on. Every day hundreds of teens are coming in for the safety, support, and inspiration provided by the Library.

In FY18, a total of 187 programs for teens were attended by 2,080 people.

The number of programs provided to teens has increased at all three locations 62% with the support of levy funds.

Spread out over one of the new teen room tables Drake works on a puzzle. He has moved to Eugene from Indiana, but is now homeless. As he works on the puzzle with the Teen Librarian he talks about being so close to obtaining his GED, but doesn't know how to finish and figures he might as well give up. When Cat, another teen in the room, sits down to help with the puzzle they begin to talk. Even though they had never met, she offers to take him across the street to Lane Community College to help him sign up for the same classes she is taking. Now, they are both close to finishing their GED's and spend all their free time in the Teen Center.

**MAKER:** Library cardholders have access to workshops and independent project work in the Maker Hub Open Lab and Media Lab on the Downtown Library's 3rd floor.

Media Lab offers state-of-the-art audio, video, and design equipment and software.
FY18 Media Lab uses: 1,741

Open Lab offers ways to develop skills and use tools in an open, unguided environment; volunteers facilitate the Open Lab.
FY18 Open Lab uses: 3,134

Maker Hub use has increased 76% from FY17.

**OFF-SITE:** Library staff and volunteers delivered programs at a variety of locations: schools, senior housing, apartment complexes, community events, etc. The programs all had a Maker theme: painting, electric circuitry, virtual reality, embroidery, etc; appealing to a broad range of community members.
FY18: 412 off-site events; 9,918 reached.
(Reaching 78% more than FY17)

During a visit to Olive Plaza senior living facility, staff brought Virtual Reality equipment. The participants were asked, "Where would you like to go?" Many visited old vacation spots or childhood neighborhoods. One participant was overjoyed that she was able to "visit" the remote Rock Islands off of Palau; she even went up to her apartment to bring us a big shell kept from her time spent there. The nostalgia factor and ease of experience helped alleviate some of the anxiety of encountering a new piece of technology.

## More Materials and Technology

***Levy Promise:*** *The Library's budget for books, movies, eBooks, etc., returned to pre-recession levels, providing quicker availability of in-demand items. New laptops increased internet access at Bethel and Sheldon Branches.*

**MATERIALS:** EPL maintains a diverse collection of Library materials in a variety of formats, responsive to community needs.

**Total Number of Physical Items:** 467,064
**Total Number of Electronic Items:** 695,546
**Number of Materials Increased:** 171,847

**TECHNOLOGY:** Bridging the digital divide for community members who lack access is a critical role of EPL. A total of 159 computers are available to community members, which includes the laptops that can be borrowed for up to two days from the Bethel and Sheldon Branches.

# Accountability and Transparency

***Levy Promise:*** *To ensure accountability and transparency, the measure specified provisions including: separate levy fund budget and accounting (as per state law); annual staff summary of spending and performance measures; annual review by the citizen Library Advisory Board; and an annual City Manager's report to City Council.*

Prior to the levy, EPL's level of service was supported by $10.6 million per year from the City of Eugene's General Fund (FY16), plus donation funds.

The Library Local Option Levy is set at $2.7 million per year for five years, in accordance with state law restrictions regarding how levies are structured.

**FY18 Levy Funds**
**Total Revenue:** 2,692,172
**Total Expenses:** 1,923,399

As with the first year of the levy, some FY18 funds have been reserved as part of budget planning for the full five years. While the levy will provide the same amount of revenue every year, spending will increase each year due to continued expansion of services as well as inflation and other factors. Funds are being budgeted in order to ensure the ability to fulfill levy promises throughout the full five years.

**Total Library Expenditures FY18**
**General Fund:** 11,036,113
**Levy Funds:** 1,923,339
**Miscellaneous Trust :** 180,725

**EPL has dedicated a section of the website where community members can get information about the specific expanded services supported with levy funds: www.eugene-or.gov/3354/Levy-information . These pages are updated throughout the year with current information. After review from the Library Advisory Board and City Council this report will be available on EPL's website.**

541-682-5450
www.eugene-or.gov/library

Eugene Public Library

Eugene Public Library

December 3, 2018

To: Jon Ruiz, Manager
City of Eugene

From: Tristan Bentzinger, Chair TB
Eugene Public Library Advisory Board

Re: Report on the 2nd Year of the Library Levy

The Eugene Public Library Advisory Board is pleased to present this report for the second year of the Library Levy. On November 3, 2015, the City of Eugene voters approved Measure 20-235 to fund expanded Eugene Public Library services for five years beginning in July 2016. The citizen Library Advisory Board has the responsibility to annually review the levy performance to ensure accountability and transparency.

As you will read in the attached report, the focus of Eugene Public Library's levy implementation is: *"Promises made, Promises kept."* The expanded services promised in the levy were in three categories:

**1. More Hours and Access**
*Promises made*: The Library promised to add 22 hours each week at the neighborhood Bethel and Sheldon Branches bringing each to a total of 48 open hours across six days and restore Sunday morning hours at the Downtown Library.

*Promises kept*: The expanded hours were implemented on Friday, July 1, 2016, which was the first day of the levy funding. This expansion has led to a 10% increase in visitors in 2018, and increased use of all three library locations.

**2. More Programs for All Ages**
*Promises made*: The Library promised to increase free events by 33% over the course of the levy with a particular emphasis on areas identified as community priorities: early literacy, activities for teens, and "Maker" opportunities. Additionally, the Library promised to provide more free programs off-site and to bring these services to parts of the community not currently served by one of the three branch locations.

*Promises kept*: The Library achieved the programmatic goal of increasing free events by 33%, with increases in all priority areas: early literacy, activities for teens, and "Maker" opportunities. Early literacy activities included 986 young reader programs which were attended by over 30,000 people. Activities for teens increased 62% across all three locations, while off -site programs reached 78% more users in 2018.

**3. More Materials and Technology**
*Promises made*: The Library promised to return the budget for books, movies, eBooks, and etc., to pre-recession levels, and to increase the community's Internet access at the Bethel and Sheldon Branches by providing laptops for patrons.

*Promises kept*: The Library's spending on new materials has been restored to pre-recession levels and providing quicker availability for in-demand items. The lending of laptops continues at each of the two neighborhood branches.

In closing, the Eugene Public Library Advisory Board takes great pride in reporting to you the continued success of the levy in the second year.