



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

January 29, 2020

12:00 p.m. CITY COUNCIL WORK SESSION
Harris Hall, 125 East 8th Avenue
Eugene, Oregon 97401

Meeting of January 29, 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

12:00 p.m. CITY COUNCIL WORK SESSION

- 1. WORK SESSION: Urban Reserves Planning**
- 2. WORK SESSION: 1059 Willamette Street Acquisition and Disposition**

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EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Urban Reserves Planning

Meeting Date: January 29, 2020
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Rebecca Gershow
Telephone Number: 541-682-8816

ISSUE STATEMENT

Staff will provide the Eugene City Council with an update on the Urban Reserves planning work to date. No action is requested at this work session; however, feedback is invited. Staff will return this spring with an Urban Reserves proposal for council consideration.

BACKGROUND

Planning for growth in line with local values is a long-standing tradition in Eugene and Lane County. Urban Reserves are a special designation, allowed by state law, for lands outside the urban growth boundary that can be considered a first priority if and when a city needs to expand for a growing population. The goal of Urban Reserves planning is to identify an appropriate supply of land for possible expansion, so we are prepared to grow in a way that meets our community's needs and values. Land designated as Urban Reserves will remain rural and cannot be urbanized unless it is brought into the city's UGB through a formal process.

The urban reserves process reflects deep collaboration among the City, County, community and service providers. Based on the guidance provided by the pillars of Envision Eugene, it advances our community vision beyond 2032 and identifies land for housing, parks, schools and jobs needed for Eugene's growing population in the long-term future—potentially out to 2062.

On July 20, 2015, as part of the City Council's direction on the UGB, staff was directed to begin Urban Reserves planning, with a target to bring a proposal for City and County consideration within two years of UGB acknowledgement. As the UGB was acknowledged by the state in January 2018, staff worked to bring forward an Urban Reserves proposal for City Council and Board of Commissioners consideration by this month (January 2020). However, due to the work involved in the necessary analysis, and the need to involve property owners, the public, and the project's Technical Advisory Committee in review cycles of complex information, the project is a few months behind target. The **Project Timeline (Attachment A)** has been updated, and staff are working with the goal of bringing a proposal to decision-makers for consideration this spring. If directed to begin the formal adoption process, staff will prepare a complete adoption package with the goal of scheduling formal public hearings in winter 2021.

Collectively, staff has met with the Eugene and Lane County Planning Commissions, City Council, and Lane County Board of Commissioners twelve times:

On [November 27, 2017](#) staff provided the Eugene Planning Commission with an introduction and overview of Urban Reserves planning. The Eugene Planning Commission reviewed the draft Project Charter and Public Involvement Plan on [May 8, 2018](#). Following that meeting, staff presented the project to the Lane County Planning Commission twice, on [May 15, 2018](#), and [June 5, 2018](#), to the Eugene City Council on [June 11, 2018](#), and to the Lane County Board of Commissioners on [June 19, 2018](#). On [June 25, 2018](#), the Eugene Planning Commission approved the Urban Reserves Public Involvement Plan, and following, on [July 10, 2018](#), they recommended a Planning Commissioner to participate on the Envision Eugene Technical Advisory Committee, or EETAC.

On [May 20, 2019](#), staff provided the Eugene Planning Commission with a project update. The following evening, on [May 21, 2019](#), staff presented the project to the Lane County Planning Commission. On [June 11, 2019](#), staff presented a project update to the Lane County Board of Commissioners, and on [June 24, 2019](#), to the Eugene City Council.

WORK TO DATE

The Urban Reserves project is organized into five phases; each designed to build on the previous one, as shown below and in more detail in the **Project Timeline (Attachment A)**.



The order of analysis and minimum elements included in Urban Reserves planning is laid out by State rules, particularly Oregon Administrative Rules, Chapter 660, Division 21. Staff is following this structure, which is generally described below and outlined in **Attachment B, Urban Reserves Outline for Analysis**.

Staff is currently wrapping up the third phase, Suitability Analysis, and moving into Option Development. At the time of the last project update to City Council, staff were nearing completion of the Technical Analysis phase, which was a multi-step process focused on identifying the amount of land needed for Urban Reserves; identifying land in the study area that is developable; and determining how many homes or jobs can be accommodated on the developable land. Please see the [Urban Reserves Technical Analysis Story Map](#) on the project web page for complete information. Key work since that time is summarized below.

Suitability Analysis

While state and local policies provide guidance for where to grow, there is no ‘perfect’ area for Eugene to grow into. All areas have trade-offs. The purpose of the suitability analysis is to consider and balance a list of factors, prescribed by state rules, then dismiss land that would be unsuitable for urban development.

The study area was subdivided into 18 subareas for analysis purposes. [Suitability criteria](#) were developed to evaluate each subarea based on the state-directed outline of analysis and reflect the City’s Triple Bottom Line Framework. Land was then removed from further consideration if, on balance, it would be unsuitable for Urban Reserves based on this evaluation. Text in *italics* are examples of prompting questions used in the analysis:

1. Efficient accommodation of identified land needs
 - *Will this area be able to urbanize efficiently to meet our future land need? Are there steep slopes, hazard areas, or other characteristics that would make efficient urbanization difficult?*
2. Orderly and economic provision of public facilities and services
 - *Can city services, such as water, wastewater, stormwater, transportation and fire protection, be efficiently extended to this area?*
3. Comparative economic, energy, social, and environmental impacts
 - *How would urbanization impact natural resources like open space, wildlife habitat, and wetlands? Would urbanization increase the risk of landslides, flooding or wildfire?*
 - *How much economic activity would urbanization of this area bring?*
 - *To what extent would urbanization generate energy or climate burdens?*
 - *How would current residents be impacted?*
 - *How might urbanization in this area impact the most vulnerable and underserved groups?*
4. Compatibility of the proposed urban uses with nearby agricultural and forest activities outside of the UGB
 - *Would urbanization be compatible with surrounding forest and agricultural uses?*

For each of the 18 subareas, staff prepared a written analysis and recommendation on which parts of it are suitable for Urban Reserves. The full subarea analysis can be found on the Urban Reserves [project web page](#). The analysis went through multiple rounds of review by City and County staff, the Envision Eugene Technical Advisory Committee, and service providers. This information was then shared at public meetings this January.

The Urban Reserves **Draft Suitability Map (Attachment C)**, shows the draft results of this analysis. Of the approximately 11,000 acres of developable land studied, approximately 6,700 acres are considered suitable for Urban Reserves based on the criteria above—this is a little more than is needed for a 30-year Urban Reserve.

Land that is ‘suitable’ moves forward for further consideration. Since the amount of suitable land in the study area is slightly more than the amount of land needed for a 30-year Urban Reserve

option, additional land will be removed from consideration in the final phase of analysis, before staff brings a proposal forward to decision makers.

Project Coordination and Review

There are a variety of project committees and groups involved in Urban Reserves planning with differing responsibilities and levels of involvement. All of them have been integral to the project:

The **Service Provider Working Group** are area service providers, who analyzed each subarea for serviceability. They include water, wastewater, stormwater, transportation and fire protection representatives who have met several times as a group and individually with staff, as needed. This work is included in the [Preliminary Analysis of Orderly and Economic Provision of Public Facilities and Services](#) and summarized for each subarea in the suitability analysis.

The **Triple Bottom Line Sounding Board** has met twice, in May and November 2019. The TBL is a framework the City of Eugene is using to reach its sustainability goals. It's designed to help us think about and explore the environmental, equity and economic impacts, benefits and trade-offs of our decisions. The work of the TBL Sounding Board helped inform Criteria #3 analysis, *Comparative economic, energy, social, and environmental impacts*.

The 13-member **Envision Eugene Technical Advisory Committee** provides technical advice to staff on growth management issues, specifically the Growth Monitoring and Urban Reserves projects. The EETAC has met 13 times since October 2018 and has been critical in reviewing and providing input on the Urban Reserves analysis. EETAC members include a City Councilor, Eugene Planning Commissioner and Sustainability Commissioner; representatives from the Lane County Homebuilders Association, Eugene Chamber of Commerce, 1000 Friends of Oregon, and Beyond Toxics; a local realtor and appraiser, and interested citizens from inside and outside the UGB.

By the time of this work session, there will have been five **public meetings with study area residents**. Three of those were this January, to receive input on the project's suitability analysis. The first two meetings at Meadow View School and Kennedy Middle School were well attended with over 50 participants at the first meeting and 40 at the second. Invitations were mailed to residents within the areas identified as suitable for Urban Reserves. Meeting information was also distributed to neighborhood associations, the Envision Eugene e-newsletter (over 20,000 emails); and the Urban Reserves interested parties list. For those who were unable to attend, meeting materials were posted on the [project web page](#) including the presentation and **project boards (Attachment D)**. More meeting details will be provided to the City Council at the work session as the last meeting is still to come as of the publication date of this memo.

Urban Reserves planning cannot succeed without the strong collaboration of **Lane County** as a critical project partner. City and County staff are working closely together to ensure County interests are represented in Urban Reserves planning. County staff are key participants on the **Project Management Team**, which includes City and County staff tasked with carrying out the project in accordance with the Project Charter. The PMT has been meeting monthly since January 2018. County staff have also been active participants in the Service Provider Working Group.

Other project partners include a diverse list of **interested parties** who are kept up to date on Urban Reserves through a monthly newsletter and the project's detailed web page. Public notice has been sent four times to **study area (County) residents** in advance of public meetings.

Growth Monitoring Coordination

Urban Reserves planning and the City's Growth Monitoring program are being closely coordinated. Urban Reserves planning is carrying forward several key assumptions from the recent UGB analysis, most notably development density and housing mix. These assumptions took years of analysis and careful vetting and discussion to agree upon for the 2012-2032 Buildable Lands Inventory and are not being revisited for Urban Reserves planning. Instead, assumptions will be revisited when the first growth monitoring report is complete in 2021, when there will be opportunity to update assumptions based on new data.

City Council Decision-Making

The Eugene City Council and Lane County Board of Commissioners have joint decision-making authority in the Urban Reserves project, including the following:

- Review and provide input on the Public Involvement Plan and Project Charter
- Receive updates and provide direction to the Project Management Team throughout the planning process
- Provide direction on a proposed Urban Reserve option
- Convene public hearings, consider the Planning Commission recommendations, and act to adopt by Ordinance the Urban Reserves proposal as spelled out in state statute (winter 2021)

Next Steps

Land identified as suitable for Urban Reserves will be considered for inclusion based on its priority land classification, with non-farm and forest land being prioritized over high-value farm and forest land, per state rules. A range of options based on this analysis and different timeframes for Urban Reserves will be developed for consideration. Preliminary findings will be shared with the EETAC, study area residents, the TBL Sounding Board, service providers, and City and County Planning Commissions this winter and spring, prior to presenting a proposal to decision-makers.

Once direction is given, staff will proceed with the formal adoption process to achieve the goal of having Urban Reserves adopted before the Eugene City Council considers the first growth monitoring report, and any future potential changes to the UGB.

ATTACHMENTS

- A. Project Timeline
- B. Outline for Analysis
- C. Draft Suitable Lands Map
- D. Study Area Open House Project Boards

FOR MORE INFORMATION

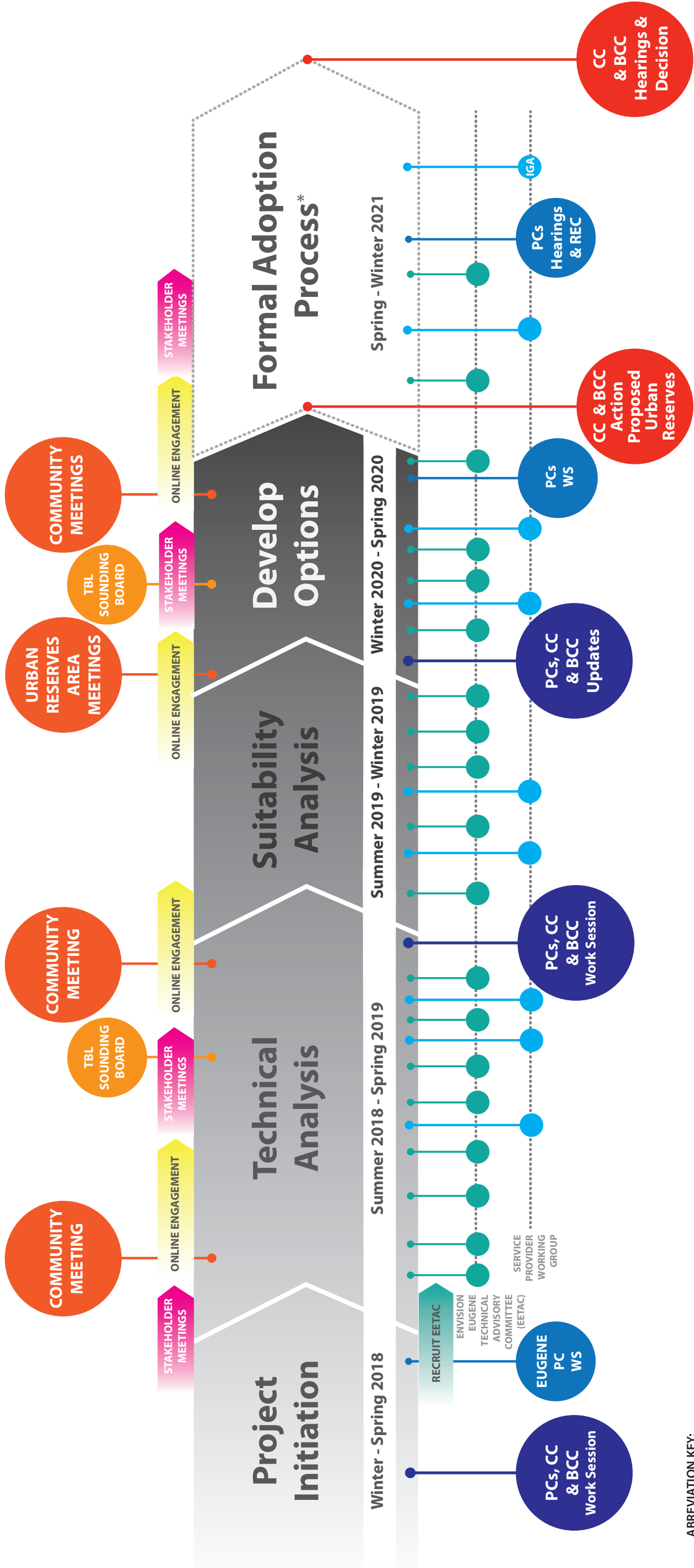
Staff Contact: Rebecca Gershow, Senior Planner Urban Reserves

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Email: RGershow@eugene-or.gov

Web: <https://www.eugene-or.gov/UrbanReserves>

URBAN RESERVES OUTREACH PROCESS



ABBREVIATION KEY:

- TBL = Triple Bottom Line
- PCs = Lane County and City of Eugene Planning Commissions
- CC = City of Eugene City Council

- BCC = Lane County Board of Commissioners
- EETAC = Envision Eugene Technical Advisory Committee
- IGA = Intergovernmental Agreements

- WS = Work Session
- REC = Recommendation

* Outreach as needed, depending on direction.

January 2020 update

Urban Reserves Outline for Analysis

A. Establish the Urban Reserve Land Study Area / Candidate Land for Evaluation

B. Identify the land in the study area that is “developable”

[OAR 660-021-0030(1) states that urban reserves shall include an amount of land estimated to be at least a 10-year supply and no more than a 30-year supply of developable land beyond the 20-year time frame used to establish the urban growth boundary.]

1. Dismiss land that is severely constrained by natural hazards
2. Dismiss land that is designated or zoned to protect natural resources
3. Dismiss land that is occupied by structures or roads

C. Identify developable land that would be “suitable” for urban reserves

[OAR 660-021-0030(2) states that “[i]nclusion of land within an urban reserve shall be based upon the locational factors of Goal 14 and a demonstration that there are no reasonable alternatives that will require less, or have less effect upon, resource land.”]

Evaluate all the developable land in the study area by considering it in terms of all of the following factors, then dismiss land that, on **balance**, would be unsuitable for urban reserves based on this evaluation:

- Efficient accommodation of identified land needs
- Orderly and economic provision of public facilities and services
- Comparative environmental, energy, economic and social consequences
- Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB

D. Identify and designate as urban reserve: suitable land that is within the first priority category [OAR 660-021-0030(3)(a)]

1. Identify land that is:

- Identified in Lane County's rural comprehensive plan or the Metro Plan as an exception area;
- identified in Lane County's rural comprehensive plan or the Metro Plan as nonresource land; or
- resource land completely surrounded by exception areas, unless such resource land is a high-value crop area as defined in Statewide Planning Goal 8 or prime or unique agricultural lands and defined by the US Department of Agriculture.

2. Dismiss land identified under D. 1 to which future urban services could not reasonably be provided due to topographical or other physical constraints [OAR 660-021-0030(4)(a) / ORS 195.137(2)(b)]

3. Designate Remaining first priority land as urban reserve

4. Designate as urban reserve any lower priority land that, for maximum efficiency of land uses within the urban reserve, is required in order to include or to provide services to the D. 3. land [OAR 660-021-0030(4)(b) / ORS 197.127(2)(b)]

E. If needed, identify and designate as urban reserve: suitable land that is within the second priority category [OAR 660-021-0030(3)(b)]

1. Identify land designated in the Lane County Rural Comprehensive Plan as marginal land pursuant to former ORS 197.247 (1991 edition)

2. Dismiss land identified under E. 1 to which future urban services could not reasonably be provided due to topographical or other physical constraints [OAR 660-021-0030(4)(a) / ORS 195.137(2)(b)]

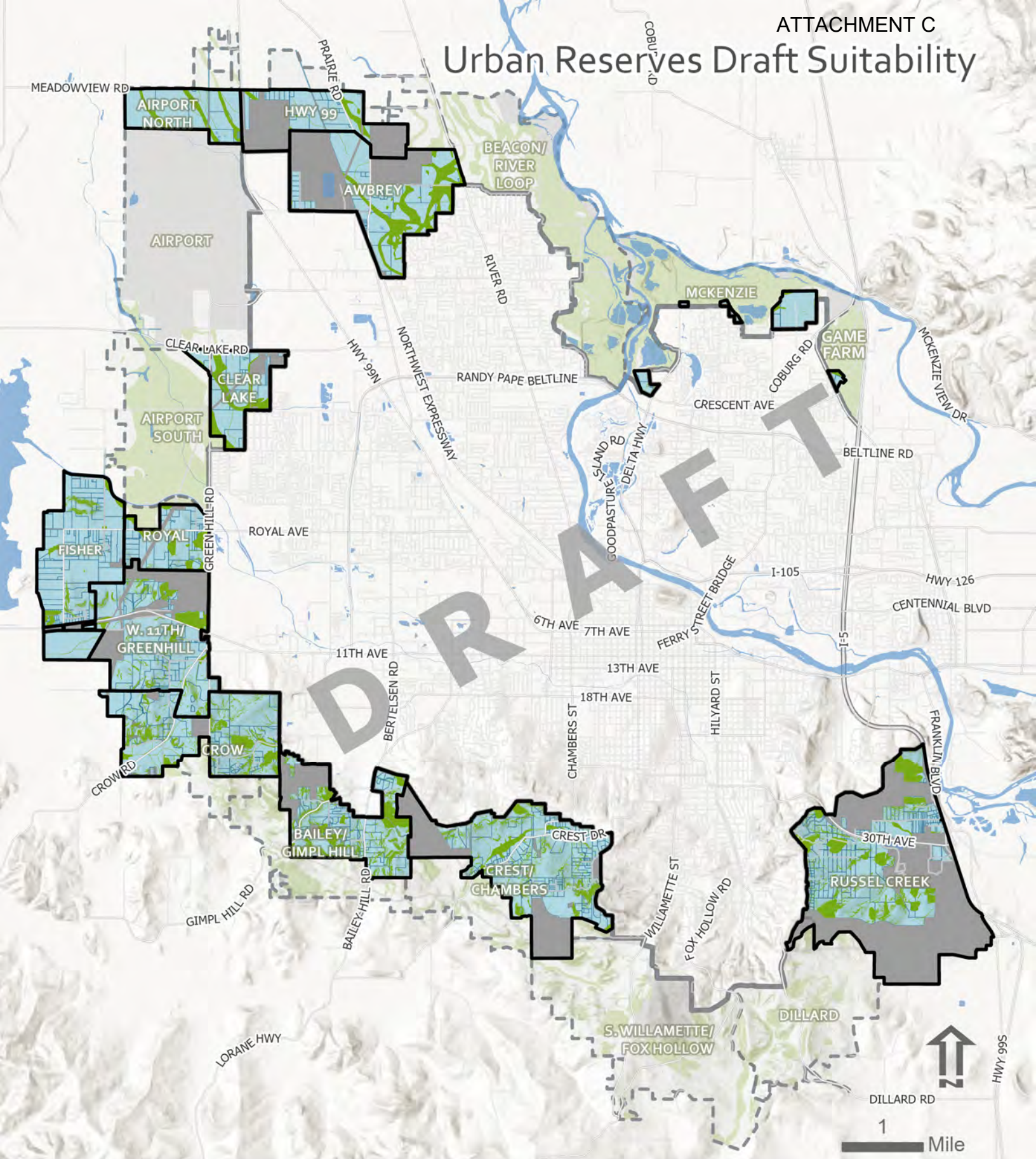
3. Designate Remaining second priority land as urban reserve

4. Designate as urban reserve any lower priority land that, for maximum efficiency of land uses within the urban reserve, is required in order to include or to provide services to the E. 3. land [OAR 660-021-0030(4)(b) / ORS 197.127(2)(b)]

F. If needed, identify and designate as urban reserve: suitable land that is within the third priority category [OAR 660-021-0030(3)(c)]

1. Identify land designated in Lane County's Rural Comprehensive Plan or the Metro Plan for agriculture or forestry [OAR 660-021-0030(3)(c)]
2. Dismiss land identified under F. 1 to which future urban services could not reasonably be provided due to topographical or other physical constraints [OAR 660-021-0030(4)(a) / ORS 195.137(2)(b)]
3. Identify remaining priority three land based on capability as measured by the capability classification system (agricultural land) or by cubic foot site class (forest) [OAR 660-021-0030(3)(c)]
4. Designate as urban reserve enough third priority land to meet needs, starting with lowest capability and including any higher capability land that, for maximum efficiency of land uses within the urban reserve, is required in order to include or to provide services to the lower capability land [oar 660-021-0030(3)(c) / OAR 660-021-0030(4)(b) / ORS 197.127(2)(b)]

Urban Reserves Draft Suitability



- Initial Urban Reserves Draft Study Area
- Urban Reserves Draft Suitable Subareas
- Committed Lands
- Protected Lands
- Lands Potentially Suitable for Urban Reserves
- Lands Unsuitable for Urban Reserves

This map is intended for illustrative purposes, and is not suitable for legal, surveying, or engineering purposes. The draft study area is based on imprecise source data and is subject to change.

Map created November 2019 by City of Eugene Planning Division.

January 29, 2020, Work Session - Item 1

For additional information, visit www.eugene-or.gov/UrbanReserves



What are Urban Reserves?



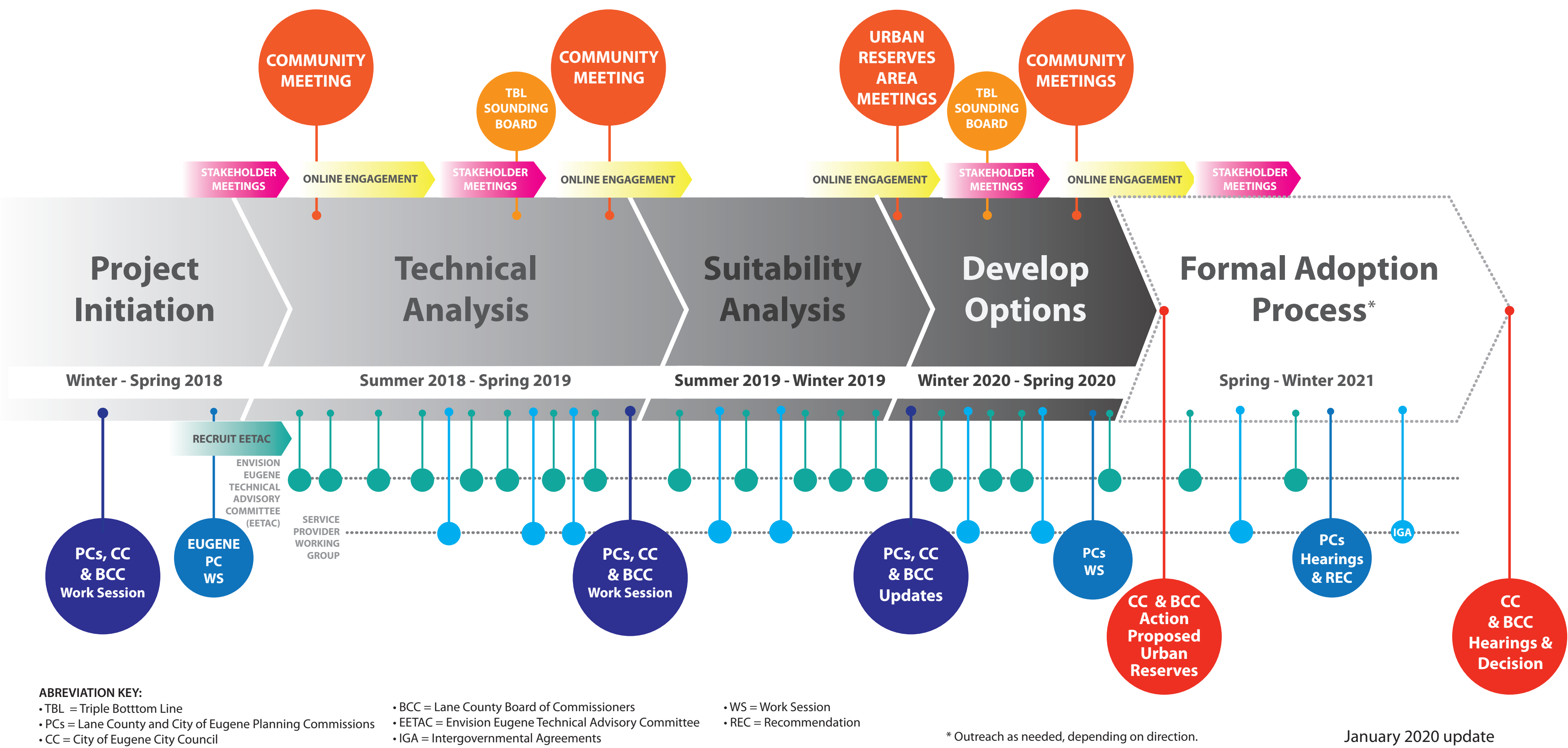
Planning for the Next Two Generations

Urban Reserves are a special designation for lands outside the urban growth boundary (UGB) that can be considered as a first priority if and when a city needs to expand for a growing population. The goal of Urban Reserves planning is to identify where Eugene may expand to serve up to 30 years of population growth beyond the 2032 UGB planning period – or as far out as 2062.

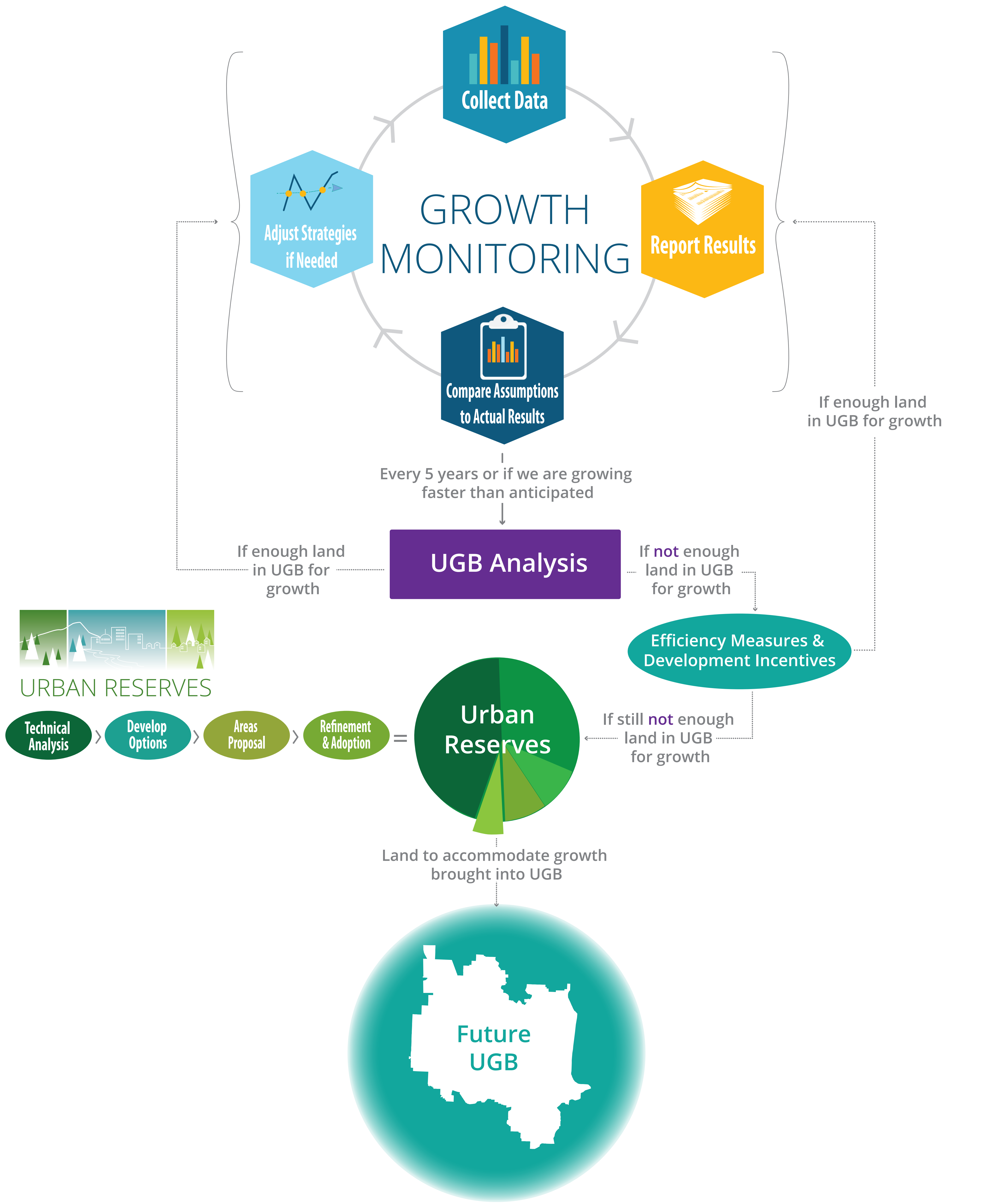
Similar to a UGB, Urban Reserves are supposed to include enough land needed for housing and jobs, as well as public lands for parks, schools and other services. However, Urban Reserves will remain rural, and cannot be urbanized, unless they are brought into the City’s UGB through a formal process for expansion.

Urban Reserves must be jointly agreed upon and designated by the Eugene City Council and the Lane County Board of Commissioners.

URBAN RESERVES OUTREACH PROCESS



MONITORING AND PLANNING FOR GROWTH



Technical Analysis

The Urban Reserves Technical analysis utilizes four steps to identify:

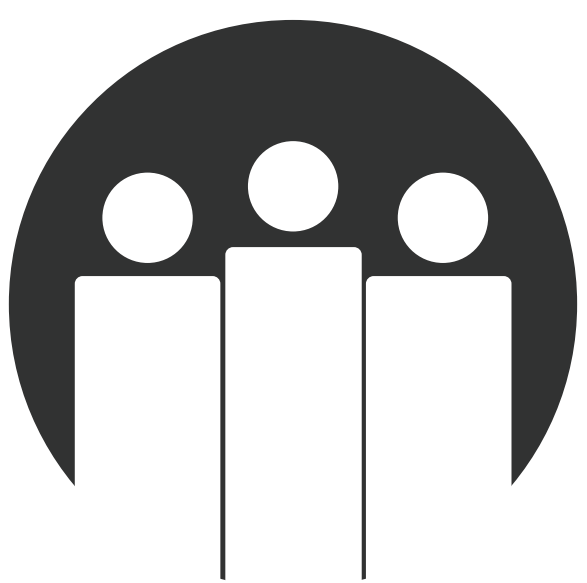
- How much land we need for homes and jobs over the next 50 years;
- How much developable land we have for future neighborhoods; and
- How many homes and jobs can be accommodated on this land.



1. Establish a Study Area

The study area includes land at least one mile from the UGB, except at the McKenzie River and Interstate 5. The study area also includes all lands between the UGB and the Eugene-Springfield Metropolitan Plan boundary.

During the suitability analysis it became clear that *there was not enough suitable land within the study area for a 30-year Urban Reserve option*. At the advice of our technical advisory committee, service providers, and the project management team, the study area was expanded farther west of Eugene near Fisher Road. About 900 acres of land were added to the study area, which now contains almost **27,000 acres**, or about 40 square miles.



2. Estimate Future Land Need

A land need model was developed to project how much land will be needed to accommodate between 10 and 30 years of population growth beyond 2032.

Land need is based on the latest population projections from Portland State University, employment forecasts from the Oregon Employment Department, and policy and density assumptions from the previous Envision Eugene UGB analysis.



3. Estimate the Land Supply

A **land supply model** was developed to categorize all land within the study area into **five general categories**:

- First, all **committed lands** were identified: Committed land is devoted to public uses like parks, schools, government offices, cemeteries, and rights-of-way and therefore has no development or redevelopment potential.
- Next, all **protected lands** were identified: Protected land is reserved due to natural resources or natural hazards and therefore is assumed to have no development or redevelopment potential.
- Then, we categorized the remaining land within the study area into one of the following categories: **developed, partially vacant, or undeveloped**.

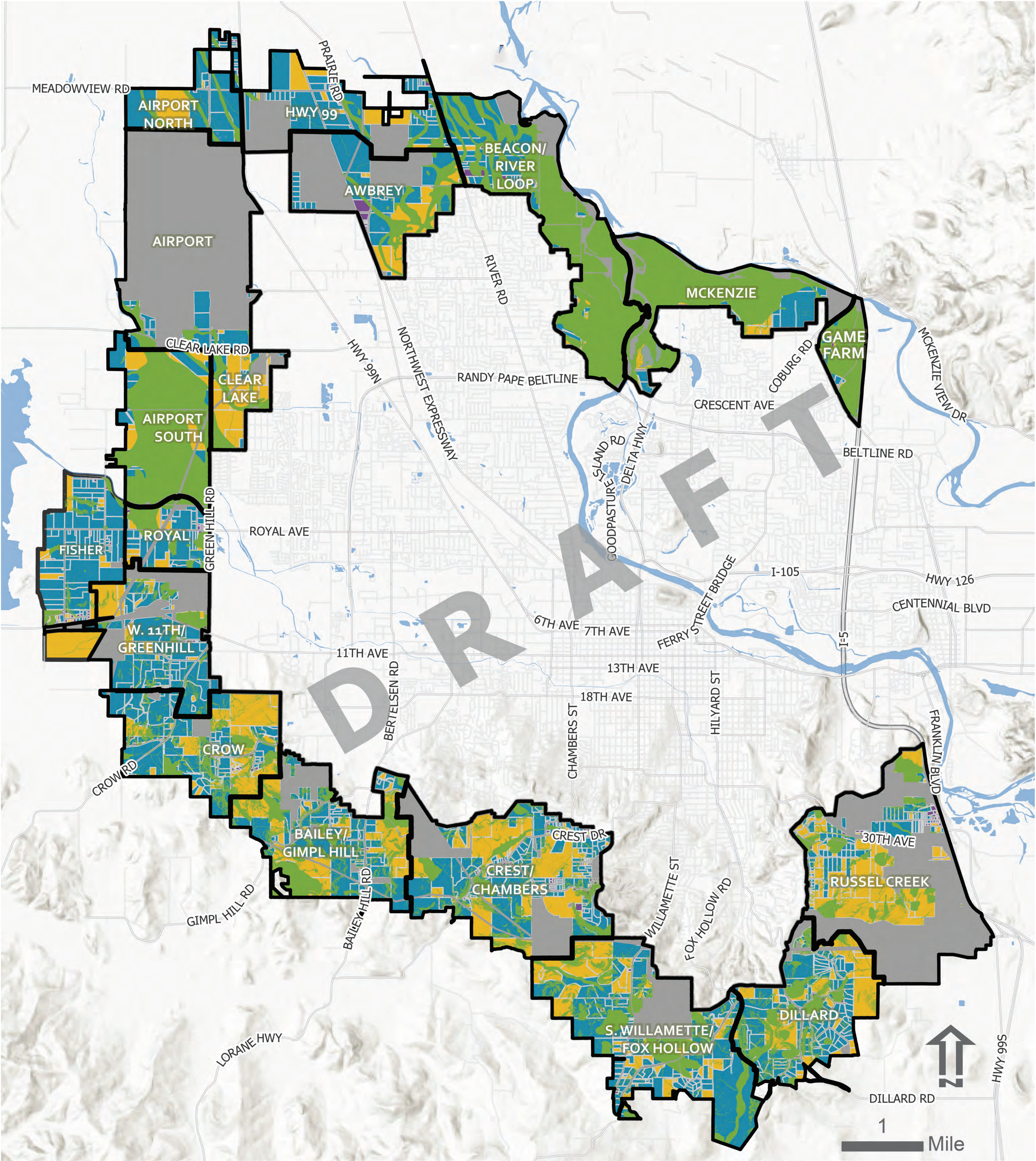
Within the study area, there are over **11,000 acres of potentially developable land** (e.g. partially vacant and undeveloped), which means *roughly 60 percent of the total study area was removed from further analysis*.



4. Conduct a Capacity Analysis

The capacity analysis combined our **land need** and **land supply results** to estimate how many homes or jobs could be accommodated on the developable land in the future by evaluating the slope, elevation, size, and other characteristics of each lot within the study area. Capacity calculations are based upon average densities seen across the city and estimates the average total amount of capacity that is available.

Urban Reserves Study Area



Development Potential

- Committed
- Protected
- Developed
- Partially Vacant
- Undeveloped

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Map created November 2019 by City of Eugene Planning Division.

For additional information, visit www.eugene-or.gov/UrbanReserves



Suitability Analysis

There is no ‘perfect’ area for Eugene to grow into. All areas have trade-offs. The purpose of the suitability analysis is to consider and balance a list of state-directed factors, then dismiss land that would be unsuitable for urban reserves.

After completing the technical analysis, we developed suitability criteria to further evaluate our study area. These suitability criteria were based on the state-directed outline of analysis and reflect the City’s Triple Bottom Line Framework. We subdivided the study area into **18 subareas** and structured the analysis to explicitly address the suitability criteria.

What type of land are we looking for?

Ideally, Urban Reserves will be designated in areas that could efficiently develop as **complete neighborhoods**—places that could include different housing types, stores and commercial areas, schools, and parks, all within close proximity to each other. This is also called a 20-minute neighborhood.

Process

Each subarea was analyzed based on the criteria below. For each subarea, there is a written analysis and a recommendation on which areas within it are suitable for urban reserves. The analysis went through multiple rounds of review by City and County staff, the Envision Eugene Technical Advisory Committee, and service providers, and is available on the project web page.

The suitability analysis evaluates all the developable land in each subarea by considering it in terms of the following four factors (dictated by state rules), then dismisses land that, on balance, would be unsuitable for Urban Reserves based on this evaluation:

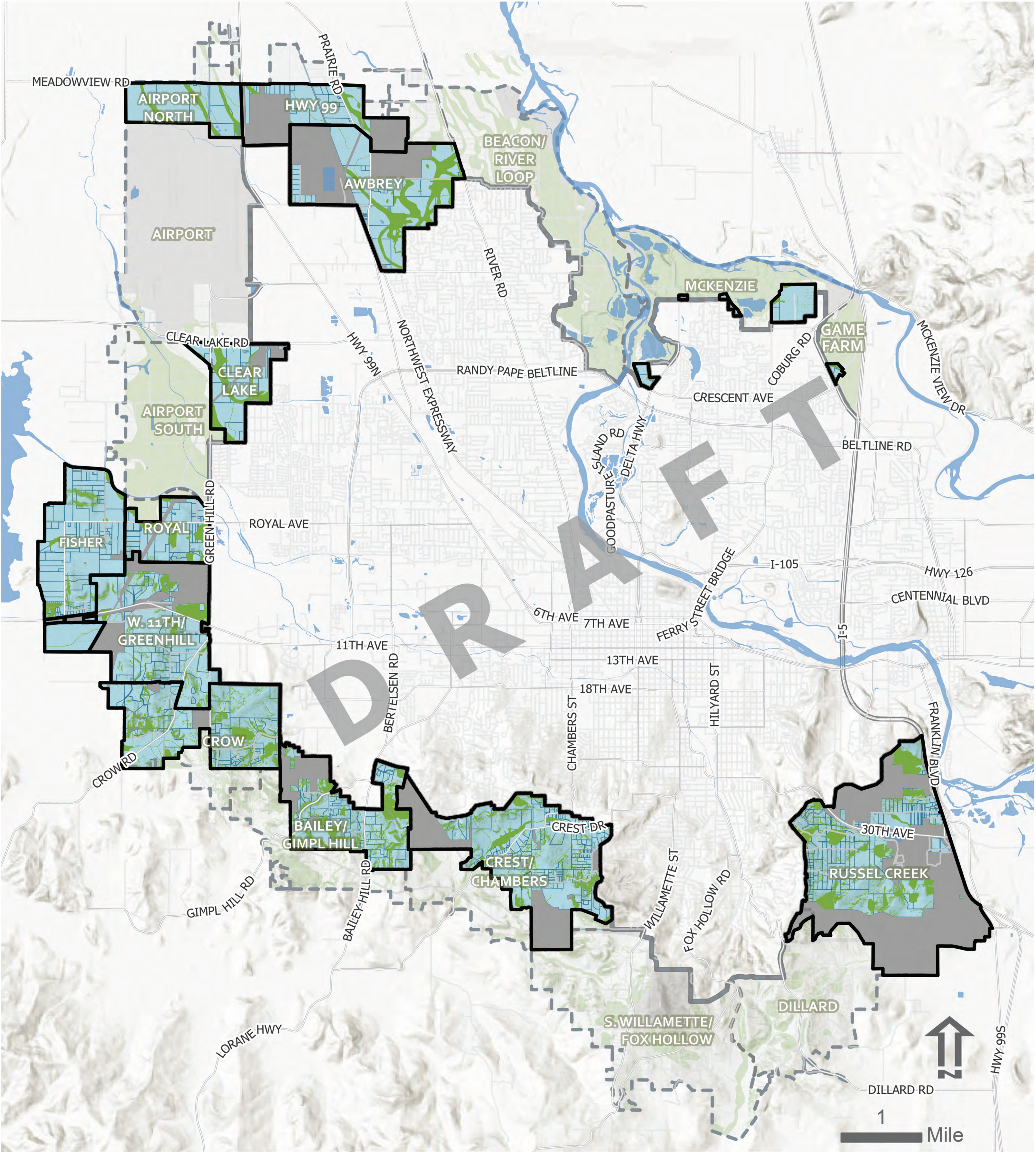
1. **Efficient accommodation of identified land needs**
 - *Will this area be able to efficiently meet our future land need? Is there topography, steep slopes or other characteristics that would make efficient urbanization difficult?*
2. **Orderly and economic provision of public facilities and services**
 - *Can city services, such as utilities and fire protection, be efficiently extended to this area?*
3. **Comparative economic, energy, social, and environmental impacts**
 - *How would urbanization impact natural resources like open space, wildlife habitat, and wetlands? Would urbanization increase the risk of landslides, wildfire, or flooding?*
 - *How much economic activity would urbanization of this area bring?*
 - *To what extent would urbanization generate energy or climate burdens?*
 - *How would current residents be impacted?*
 - *How might urbanization in this area impact the most vulnerable and underserved groups?*
4. **Compatibility with nearby agricultural and forest activities outside the UGB**
 - *Would urbanization be compatible with surrounding forest and agricultural uses?*

Results

The Urban Reserves Draft Suitability Map shows the draft results of our suitability analysis. This is an iterative process and our results may change as we refine the analysis. Of the almost 11,000 acres of developable land that were studied, **over 6,000 acres** are considered suitable for Urban Reserves – this is a little more than we would need for a 30-year Urban Reserve.

Land that is ‘suitable’ moves forward for further consideration; it will not necessarily become Urban Reserves. Since the amount of suitable land in the study area is slightly more than the amount of land needed for a **30-year Urban Reserve** option, additional land will be removed from consideration in the next phase of analysis.

Urban Reserves Suitability Analysis Results



- Initial Urban Reserves Draft Study Area
- Urban Reserves Draft Suitable Subareas
- Committed Lands
- Protected Lands
- Lands Potentially Suitable for Urban Reserves
- Lands Unsuitable for Urban Reserves

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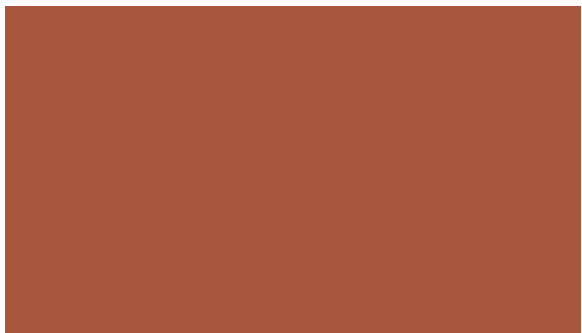
For additional information, visit www.eugene-or.gov/UrbanReserves



Next Steps

Identify Urban Reserves Options

After the suitability analysis is complete, land found suitable for urban reserves may be included for final consideration based on their priority ranking:



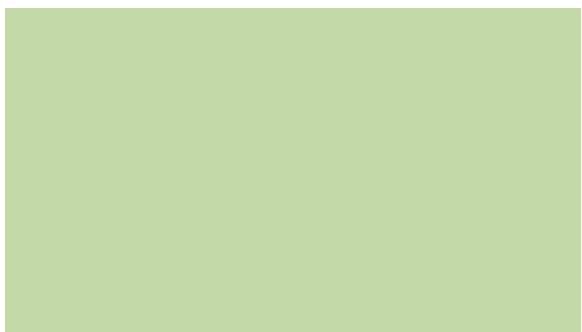
Priority 1: Exception Areas/Non-Resource land

Places outside of the UGB where Lane County allows residential, commercial or industrial uses. In the study area, Priority 1 lands are mostly rural residential. Many of these areas are already developed to some degree.



Priority 2: Marginal Lands

Marginal lands are designated for non-resource uses, like housing, due to having marginal value for farm or forest production.



Priority 3: Farm and Forest Lands (poorest soils first)

Agricultural or forest resource lands are the last to become Urban Reserves, with higher priority given to land of lower resource value.

The state allows lower priority land to be included if higher priority land is inadequate to accommodate the land need, based on topographical or physical constraints and service provision needs.

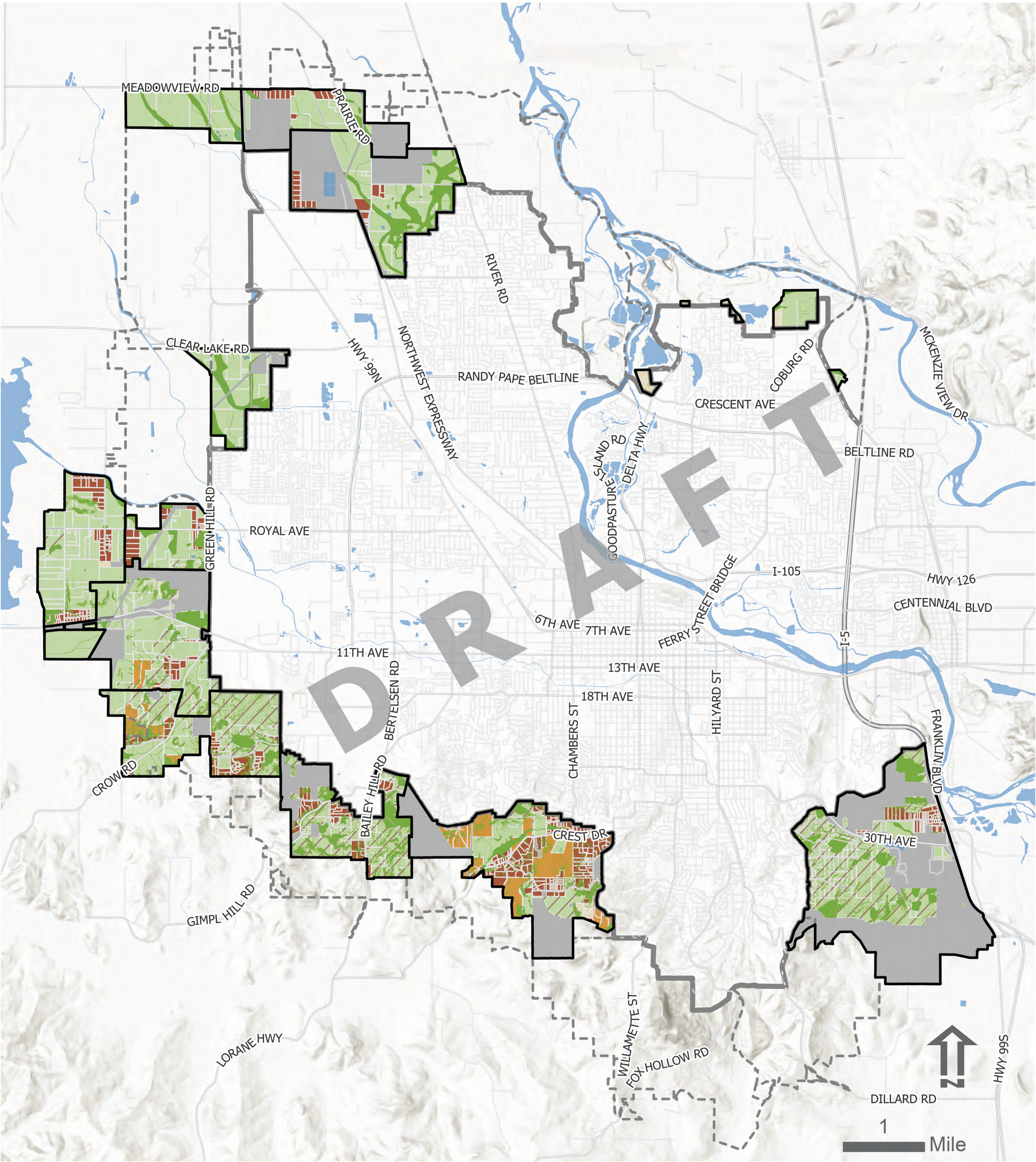
A range of options based on this analysis and different timeframes for Urban Reserves will be brought to decision makers in Spring 2020 for direction, with a goal for adoption by the end of the year. Once urban reserves are adopted, they become the first land to be considered if and when a UGB expansion is necessary.

If My Property or Home is Located...				
	Outside the UGB (Not in Urban Reserves)	Outside the UGB (In Urban Reserves)	Inside the UGB (Outside city limits)	Inside City Limits
Representation	Lane County Board of Commissioners	Lane County Board of Commissioners	Lane County Board of Commissioners	Eugene City Council
Public Safety	Lane County Sheriff or other RFPD	Lane County Sheriff or other RFPD	Lane County Sheriff or other RFPD	Eugene Police Eugene Fire
School District	Current School District	Current School District	Current School District	Current School District
Property Taxes	Current property tax rate	No change in property taxes	No change in property taxes	Approximately \$18.9965 per \$1,000/assessed value*
Annexation	Not eligible	Not eligible	Voluntary. Must be contiguous to city limits and be within 300' of services (water and sewer) or be willing to pay to extend services	Property inside city limits already annexed
Utilities/Services	Sewer: On-site septic Water: well / service provider	Sewer: On-site septic Water: well / service provider	Sewer: On-site septic Water: well / service provider	Sewer: eligible for city sewer Water: eligible for EWEB water
Land Use Jurisdiction	Lane County rural zoning and land use code	Lane County rural zoning and land use code	Eugene urbanizable zoning and land use code (Adopted by Lane County and City, administered by City.	City of Eugene zoning and land use code
Development Potential	Limited by Lane County rural zoning and land use code	Limited by Lane County rural zoning and land use code. Land must continue to be planned & zoned for rural uses until included in the UGB.	Limited by lack of utilities/services. Must annex to allow for development that increases need for services	Upon annexation, properties will be eligible to develop at urban densities

*Estimate based on 2018 rate for Southeast Eugene served by Fire and EMS. Information from Lane County Department of Assessment and Taxation. Tax rates vary based on property location and this example is for illustrative purposes only.



Urban Reserves Priority Land Classification



Initial Urban Reserves Draft Study Area

Urban Reserves Draft Suitable Subareas

Committed Lands

Protected Lands

Priority 1: Exception Areas

Priority 2: Marginal Lands

Priority 3: Forest Lands

Priority 3: Agricultural Lands

Other Lands

This map is intended for illustrative purposes, and is not suitable for legal, surveying, or engineering purposes. The draft study area is based on imprecise source data and is subject to change.

Map created November 2019 by City of Eugene Planning Division.

For additional information, visit www.eugene-or.gov/UrbanReserves



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: 1059 Willamette Street Acquisition and Disposition

Meeting Date: January 29, 2020
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Allie Camp
Contact Telephone Number: 541-682-5480

ISSUE STATEMENT

This work session is on the 1059 Willamette Street site (the former Lane Community College Downtown Center) to share the progress to-date, project goals, and the proposed acquisition and disposition process moving forward. The City has entered into an Option Agreement with LCC to purchase the property through the Land Acquisition for Affordable Housing Program, also referred to as the land bank program. An Option Agreement provides time to perform due diligence activities and does not commit the City to acquire the property—it simply provides the option to do so. The current vision is to redevelop the property into a mixed-income, multi-family residential project.

At the work session, the council will be asked to approve the use of Community Development Block Grant (CDBG) dollars to acquire the site and a proposed property disposition process.

BACKGROUND

The building located at 1059 Willamette Street served as the LCC Downtown Center until 2012 and has been vacant since the new LCC Downtown Campus began serving students. In April 2019, the City Manager submitted a Letter of Interest to LCC President Margaret Hamilton that stated the City of Eugene would like to purchase the property for \$500,000, subject to approval from the City Council. City staff identified federal CDBG dollars as a potential resource to acquire the building as part of the Land Acquisition for Affordable Housing Program. On May 16, the LCC Board unanimously passed a motion to authorize President Hamilton to take all actions necessary or appropriate to sell and convey the property to the City of Eugene. Since May, staff have been working to coordinate with LCC and complete preliminary due diligence required by HUD funds.

This property has also been identified as one of four projects in the 2016 Downtown Urban Renewal Plan Amendment, making it eligible for up to \$6 million in Urban Renewal funds. The plan language is as follows:

The Agency may provide up to \$6 million in tax increment funds as part of redevelopment of the Old LCC Building, which may include housing or activities that advance the Regional Prosperity Economic Development Plan (e.g., an innovation center with maker space, wet lab, or art/tech incubator). The building will benefit the Plan Area by increasing public usage of the area and stimulating additional public and private investment. This work would include Lane Community College and could include collaboration with others.

The idea of using the building as a business incubator arose from the community during the Urban Renewal Plan Amendment process. In 2018, staff hired an economic consulting firm to research the market feasibility and operation of a business incubator, accelerator, and/or innovation space. The study showed that successful projects in similarly sized cities were supported by well-funded economic development funds and depended on millions of dollars of public and/or private benefactor grants and donations for both the construction and operations phases, making the project financially difficult to pursue in Eugene.

Given the property's strategic location across from the LTD Eugene Station and the identified need through the Housing Tools and Strategies process and Envision Eugene for a range of affordable housing options and more compact urban development in the core of downtown, the site is ideally suited for redevelopment as housing. With supporting language in both the Urban Renewal Plan and the CDBG fund regulations, a mixed-income housing development project is being considered for the site.

The use of CDBG funds requires that a minimum of 51 percent of the units serve populations making 80 percent of the area median income (AMI) and below (Table A). The current target for the project is a mix of income-qualified units and market-rate units, where 51 percent of the units are income qualified for households at 80 percent of AMI, and 49 percent of the units are market-rate.

Table A: 2019 Eugene/Springfield HUD Income based on Household Size (Effective June 24, 2019)

% AMI	1 Person	2 Persons	3 Persons	4 Persons
50%	\$22,750	\$26,600	\$39,250	\$32,450
80%	\$36,350	\$41,550	\$46,750	\$51,900
100%	\$45,500	\$52,000	\$58,500	\$64,900

Mixed-Income Project

The approach under consideration would be piloting a mixed-income residential development. By adding new, more affordable options, housing mobility is encouraged, which can relieve pressure on the stock of lowest income housing options that have the highest demand in our community. Additionally, the project provides a more affordable option for rent-burdened residents paying more than 30 percent of their income on housing, allowing them to reduce costs, save money, and work towards greater financial stability and the potential of home ownership.

An investment of this type is not likely to be financially feasible without subsidy. Staff's due diligence has included a financial evaluation that modeled the site's potential costs and revenues from acquisition through construction and leasing. The pro forma model utilized current data for market-rate and qualifying HUD rents in Eugene and construction costs from local multi-story residential projects. The financial modeling demonstrated that a mixed income project would likely have a financial gap. This gap exists in a mixed-income project like this because:

1. A mixed-income product doesn't allow for maximization of rents. Rents are limited for over half of the units to be affordable for people making 80 percent AMI.
2. Traditional tools available to support affordable housing, such as HOME funds, Low Income Housing Tax Credit program, SDC exemptions, etc. require rents affordable to households at 60 percent AMI and below. These resources would not be available for a project targeting households at 80 percent of AMI.

Mixed-income projects are challenging, and it is anticipated that a public investment will have to be made in this project for it to be successful. Providing the property at low to no cost is one option. Urban renewal dollars are another potential source to offset cost of redevelopment. Staff will consider a mix of financial tools to support the project and present them in the future to Council/Agency Board for consideration as part of the project selection process.

Due Diligence To-Date

Staff have started on due diligence items for the site acquisition. These items will verify whether this site is eligible to receive CDBG funds. The most extensive requirement is the federal environmental review which assesses the safety and environmental issues of the site. Issues researched include noise, historic resources, stormwater, toxic materials, and more.

Staff is conducting community engagement as a step in the acquisition process for the Land Acquisition for Affordable Housing Program. Input received from this engagement will be shared at the work session.

Upon completion of due diligence, the City will have the option of acquiring the property. Council is being asked to approve use of CDBG funds now in order to ensure compliance with annual HUD timeliness deadlines governing use of entitlement funds.

Proposed Disposition Process

In the Land Acquisition for Affordable Housing Program, after approval of the site and acquisition, the City administers a request for projects through an RFP process. An evaluation committee would be established to score and rank submitted proposals and provide a recommendation to City Council. Staff would return to City Council after RFP proposals have been ranked which could be up to one year after property acquisition. These steps are outlined in Attachment A.

Next Steps

- Complete due diligence activities with a closing date target of March 31, 2020.
- Return to Council to review and take action on a set of RFP criteria to solicit interest in the property.
- Form an evaluation committee and conduct an RFP process.
- Return to Council to select a preferred project.
- Conduct a public hearing on use of Urban Renewal funds, if applicable, and any other funding mechanisms and schedule Agency Board action

PREVIOUS COUNCIL DIRECTION

On [May 29, 2018](#), City Council approved the *Eugene-Springfield One-Year Action Plan, the One-Year Supplemental Plan for the 2015 Consolidated Plan*. This plan identifies a strategy of increasing the supply of affordable housing using land acquisition. The plan identifies sources and uses of funding to implement these strategies.

On [June 13, 2016](#), the Urban Renewal Agency of the City of Eugene adopted Ordinance 20564 adopting an amended Urban Renewal Plan for the Downtown Urban Renewal District. In this plan, the LCC building was identified as a project eligible to receive Urban Renewal dollars, with housing as a potential use.

COUNCIL OPTIONS

Property Purchase:

1. Authorize the purchase of the property at 1059 Willamette Street using \$500,000 of CDBG funds.
2. Authorize the purchase of the property at 1059 Willamette Street using another funding source.
3. Do not authorize the purchase of the property at 1059 Willamette Street.

Property Disposition Process:

1. Approve the Land Acquisition for Affordable Housing property disposition process for the redevelopment of the property at 1059 Willamette Street outlined in Attachment A.
2. Direct the City Manager to dispose of 1059 Willamette Street with an alternative property disposal process.

CITY MANAGER'S RECOMMENDATION

1. Authorize the purchase of 1059 Willamette property (formerly the LCC Downtown Center) using \$500,000 of Community Development Block Grant funds.
AND
2. Approve the proposed Land Acquisition for Affordable Housing disposition process outlined in Attachment A.

SUGGESTED MOTIONS

1. Move to authorize the City Manager to acquire the property at 1059 Willamette (formerly the LCC Downtown Center) using \$500,000 of Community Development Block Grant funds.
AND
2. Move to direct City Manager to dispose of the property at 1059 Willamette (formerly the LCC Downtown Center) with the Land Acquisition for Affordable Housing property disposition process outlined in Attachment A.

ATTACHMENTS

- A. Land Acquisition for Affordable Housing Program Process Diagram

FOR MORE INFORMATION

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Land Acquisition for Affordable Housing Program process diagram

PRIOR TO PROPERTY ACQUISITION

Identify potential site for the Land Acquisition for Affordable Housing Program

Enter into an Option Agreement with the property owner

Complete federal due diligence research including noise, historic resources, stormwater, toxic materials, and more.

Conduct community engagement to determine if the site is appropriate for Affordable Housing.

Return to City Council for approval of the use of CDBG funds to acquire the site.

Exercise the Option Agreement and acquire the property.



AFTER PROPERTY ACQUISITION

Issue RFP

Work with Mayor and City Manager to establish an evaluation committee to score and rank proposals.

Return to City Council with the evaluation committee's recommendation on a proposal. Ask Council to make final decision to select a proposal.