



Eugene City Council

125 E. 8th Ave., 2nd Floor
Eugene, OR 97401-2793
541-682-5010 • 541-682-5414 Fax
www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

April 9, 2018

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

Meeting of April 9, 2018;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Mike Clark, President
Greg Evans
Emily Semple
Jennifer Yeh

Betty Taylor, Vice President
Chris Pryor
Claire Syrett
Alan Zelenka

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

- 1. Committee Reports and Items of Interest**
- 2. WORK SESSION: Local Options for Affordable Housing—Construction Excise Tax**
- 3. WORK SESSION: Downtown Dog Licensing**

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.

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

Mayor: *I call the April 9, 2018, City Council work session to order.*

- 1. Committee Reports and Items of Interest**
- 2. WORK SESSION: Local Options for Affordable Housing—Construction Excise Tax**

City Council President: *I move to direct City Manager to prepare a draft ordinance to create a Construction Excise Tax including the rate of the tax, the effective date of the tax, any exemptions from the tax, and the allowed uses of the tax revenues.*

Call for vote.

City Council President: *I move to direct City Manager to bring back to council for consideration a recommended process and the necessary funding to allow staff to identify existing barriers to building missing middle and moderately priced housing within the City of Eugene.*

Call for vote.

3. WORK SESSION: Downtown Dog Licensing

City Council President: *I move to direct the City Manager to schedule a public hearing on an ordinance concerning the prohibition of unlicensed dogs within the downtown core consistent with the draft ordinance attached as Attachment A.*

Call for vote.

Adjourn.

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EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Local Options for Affordable Housing Funding – Construction Excise Tax

Meeting Date: April 9, 2018
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Stephanie Jennings
Contact Telephone Number: 541-682-5529

ISSUE STATEMENT

On December 13, 2017, council reviewed a set of recommendations from the Housing Policy Board for implementation of a local Construction Excise Tax to support affordable housing. At that time, staff proposed to further explore policy options for structuring a CET, engage with stakeholders, and bring a recommendation back to council. During this work session, staff will present options for implementing a CET.

BACKGROUND

Residents of communities throughout Oregon are experiencing challenges related to housing affordability, quality and stability. Multiple local, state and national trends have resulted in increased challenges for both renters and homeowners. There have also been multiple shifts in the supply of housing units as well as the needs of residents.

In response to these challenges, the State of Oregon passed a suite of legislative measures in 2016 including SB 1533. Through SB 1533, the State of Oregon enabled local jurisdictions to adopt a Construction Excise Tax to support the development of affordable housing. SB 1533 also enables Oregon jurisdictions to adopt a limited form of inclusionary zoning. See Attachment A for SB 1533.

Council received an introductory presentation on SB 1533 during a work session on April 12, 2017. At the conclusion of this session, council voted 6:1 to pursue development of policy options for a Construction Excise Tax, mandatory inclusionary zoning, and voluntary inclusionary zoning. Council asked staff to work with Housing Policy Board and also consult with the Human Rights Commission and other impacted parties regarding policy options and market conditions. Given the complexity of inclusionary zoning, HPB decided to focus first on the development of CET recommendations. HPB will commence development of options for voluntary and mandatory inclusionary zoning following the completion of the CET discussions.

Between April and December, staff worked with the Housing Policy Board to explore options for a dedicated source of funding for affordable housing through a Construction Excise Tax and the HPB developed a set of recommendations for Council consideration (see Attachment B).

Following the December work session, staff engaged in multiple conversations with stakeholders and interested parties including specific outreach to the Eugene Chamber of Commerce, Homebuilders Association of Lane County, Realtors, affordable housing developers, and others. There were several specific concerns raised during these discussions regarding the possible financial impacts of a CET along with other increasing costs for system development charges, land, and construction costs. Concerns were also expressed regarding zoning and regulatory requirements that limited flexibility and make it difficult for developers to build and offer moderately priced dwellings.

Recommended Elements of a CET Ordinance

Following consideration of community input as well as a continuing need to expand affordable housing options, staff recommend the following elements for inclusion in a CET ordinance for Eugene.

Rate	1% for residential and commercial construction
Effective Date	Delayed implementation of July 1, 2019
Additional Exemptions	Affordable Housing Developments eligible for System Development Charge Waivers under Eugene Code 7.725
	Developments exempted from property taxes through the Multi-Unit Property Tax Exemption Program under Eugene Code 2.945
	Newly constructed single family homes or condominiums sold to homebuyers for \$250,000 or less. Target price to be indexed and adjusted annually.
Allowed Uses of Funds	Range of housing programs for households earning 100% of Area Median Income and below
	Administrative costs for CET collection as well as costs to staff program implementation

Recommended Elements of an Allocation and Project Selection Process

The City of Eugene currently undertakes an extensive process to assess community housing needs and priorities through the Eugene-Springfield Consolidated Plan every five years. Council adopts five-year strategies and goals and subsequently adopts a budget for use of funds through the annual Action Plan. Staff work with a Departmental Advisory Committee to develop recommendations for council consideration. Staff propose to mirror these processes for identification of priority needs, strategy identification, annual budgeting, program development, and project selection.

Additional Actions to Address Development Concerns

A number of concerns regarding financial and regulatory barriers to building housing were raised by the business and development community during this process. The proposed Construction Excise Tax elements seek to ease impacts by delaying implementation for one year and expanding the recommended exemptions. Exemptions include Multi-Unit Property Tax Exemption (MUPTe) projects, which must provide moderately priced units or contribute to a fund for affordable housing, as well as moderately priced homes sold to homebuyers.

There are a number of additional activities underway to address regulatory barriers. Staff recently reviewed these actions with council during the housing affordability work session that occurred on February 26. These projects and activities are described in Attachment C.

In response to the concerns of stakeholders in the building community, council is asked to consider a process and the resources needed to take a timely and comprehensive look at identifying existing barriers to building missing middle and moderately priced housing.

RELATED CITY POLICIES

There are multiple City plans and policies related to affordable housing including the Eugene-Springfield 2015 Consolidated Plan, Envision Eugene and the Eugene City Code. Each related plan and policy is 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 and homeowners as priority populations and includes five specific strategies for expanding affordable housing options and access for people with limited incomes.

Envision Eugene Community Vision

Related pillars of the Envision Eugene Community Vision include the pillars “Provide housing affordable to all income levels” and “Provide ample economic opportunities for all community members.” 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.

COUNCIL OPTIONS

Direct City Manager to prepare a draft ordinance for council consideration to create a Construction Excise Tax.

Direct City Manager to bring back for consideration a recommended process and the necessary funding to allow staff to identify existing barriers to building missing middle and moderately priced housing within the City of Eugene.

CITY MANAGER'S RECOMMENDATION

Prepare a draft ordinance for council consideration to create a Construction Excise Tax.

Bring back for council consideration a recommended process and the necessary funding to allow staff to identify existing barriers to building missing middle and moderately priced housing within the City of Eugene.

SUGGESTED MOTIONS

Move to direct City Manager to prepare a draft ordinance to create a Construction Excise Tax including the rate of the tax, the effective date of the tax, any exemptions from the tax, and the allowed uses of the tax revenues.

Move to direct City Manager to bring back to council for consideration a recommended process and the necessary funding to allow staff to identify existing barriers to building missing middle and moderately priced housing within the City of Eugene.

ATTACHMENTS

- A. SB 1533
- B. HPB Memorandum – The Affordable Housing Trust Fund and How to Fund It – 12/4/2017
- C. City of Eugene Housing Initiatives

FOR MORE INFORMATION

Staff Contact: Stephanie Jennings
Telephone: 541-682-5529
Staff E-Mail: stephanie.a.jennings@ci.eugene.org

78th OREGON LEGISLATIVE ASSEMBLY--2016 Regular Session

Enrolled Senate Bill 1533

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Workforce and General Government)

CHAPTER

AN ACT

Relating to affordable housing; creating new provisions; amending ORS 197.309, 320.170, 320.176 and 320.186 and section 1, chapter 829, Oregon Laws 2007; repealing section 9, chapter 829, Oregon Laws 2007; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 197.309 is amended to read:

197.309. (1) **As used in this section:**

(a) **"Affordable housing" means housing that is affordable to households with incomes equal to or higher than 80 percent of the median family income for the county in which the housing is built.**

(b) **"Multifamily structure" means a structure that contains three or more housing units sharing at least one wall, floor or ceiling surface in common with another unit within the same structure.**

[(1)] (2) Except as provided in subsection [(2)] (3) of this section, a [city, county or] metropolitan service district may not adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178[,] a requirement, that has the effect of establishing the sales **or rental** price for a housing unit or residential building lot or parcel, or that requires a housing unit or residential building lot or parcel to be designated for sale **or rent** to [any] a particular class or group of purchasers **or renters**.

[(2)] (3) [This] **The provisions of subsection (2) of this section** [does] **do** not limit the authority of a [city, county or] metropolitan service district to:

(a) Adopt or enforce a [land] use regulation, [functional plan] provision or [condition of approval] **requirement** creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation, provision or [condition] **requirement** designed to increase the supply of moderate or lower cost housing units; or

(b) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295.

(4) **Notwithstanding ORS 91.225, a city or county may adopt a land use regulation or functional plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178 a requirement, that has the effect of establishing the sales or rental price for a new multifamily structure, or that requires a new multifamily structure to be designated for sale or rent as affordable housing.**

(5) **A regulation, provision or requirement adopted or imposed under subsection (4) of this section:**

(a) May not require more than 20 percent of housing units within a multifamily structure to be sold or rented as affordable housing;

(b) May apply only to multifamily structures containing at least 20 housing units;

(c) Must provide developers the option to pay an in-lieu fee, in an amount determined by the city or county, in exchange for providing the requisite number of housing units within the multifamily structure to be sold or rented at below-market rates; and

(d) Must require the city or county to offer a developer of multifamily structures, other than a developer that elects to pay an in-lieu fee pursuant to paragraph (c) of this subsection, at least one of the following incentives:

(A) Whole or partial fee waivers or reductions.

(B) Whole or partial waivers of system development charges or impact fees set by the city or county.

(C) Finance-based incentives.

(D) Full or partial exemption from ad valorem property taxes on the terms described in this subparagraph. For purposes of any statute granting a full or partial exemption from ad valorem property taxes that uses a definition of "low income" to mean income at or below 60 percent of the area median income and for which the multifamily structure is otherwise eligible, the city or county shall allow the multifamily structure of the developer to qualify using a definition of "low income" to mean income at or below 80 percent of the area median income.

(6) A regulation, provision or requirement adopted or imposed under subsection (4) of this section may offer developers one or more of the following incentives:

(a) Density adjustments.

(b) Expedited service for local permitting processes.

(c) Modification of height, floor area or other site-specific requirements.

(d) Other incentives as determined by the city or county.

(7) Subsection (4) of this section does not restrict the authority of a city or county to offer developers voluntary incentives, including incentives to:

(a) Increase the number of affordable housing units in a development.

(b) Decrease the sale or rental price of affordable housing units in a development.

(c) Build affordable housing units that are affordable to households with incomes equal to or lower than 80 percent of the median family income for the county in which the housing is built.

(8)(a) A city or county that adopts or imposes a regulation, provision or requirement described in subsection (4) of this section may not apply the regulation, provision or requirement to any multifamily structure for which an application for a permit, as defined in ORS 215.402 or 227.160, has been submitted as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application has been submitted to the city or county prior to the effective date of the regulation, provision or requirement.

(b) If a multifamily structure described in paragraph (a) of this subsection has not been completed within the period required by the permit issued by the city or county, the developer of the multifamily structure shall resubmit an application for a permit, as defined in ORS 215.402 or 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building permit application under the regulation, provision or requirement adopted by the city or county under subsection (4) of this section.

(9)(a) A city or county that adopts or imposes a regulation, provision or requirement under subsection (4) of this section shall adopt and apply only clear and objective standards, conditions and procedures regulating the development of affordable housing units within its jurisdiction. The standards, conditions and procedures may not have the effect, either individually or cumulatively, of discouraging development of affordable housing units through unreasonable cost or delay.

(b) Paragraph (a) of this subsection does not apply to:

(A) An application or permit for residential development in an area identified in a formally adopted central city plan, or a regional center as defined by Metro, in a city with a population of 500,000 or more.

(B) An application or permit for residential development in historic areas designated for protection under a land use planning goal protecting historic areas.

(c) In addition to an approval process for affordable housing based on clear and objective standards, conditions and procedures as provided in paragraph (a) of this subsection, a city or county may adopt and apply an alternative approval process for applications and permits for residential development based on approval criteria regulating, in whole or in part, appearance or aesthetics that are not clear and objective if:

(A) The developer retains the option of proceeding under the approval process that meets the requirements of paragraph (a) of this subsection;

(B) The approval criteria for the alternative approval process comply with applicable statewide land use planning goals and rules; and

(C) The approval criteria for the alternative approval process authorize a density at or above the density level authorized in the zone under the approval process provided in paragraph (a) of this subsection.

(10) If a regulation, provision or requirement adopted or imposed by a city or county under subsection (4) of this section requires that a percentage of housing units in a new multifamily structure be designated as affordable housing, any incentives offered under subsection (5)(d) or (6) of this section shall be related in a manner determined by the city or county to the required percentage of affordable housing units.

SECTION 2. ORS 320.170 is amended to read:

320.170. (1) [*Construction taxes may be imposed by*] A school district, as defined in ORS 330.005, **may impose a construction tax only** in accordance with ORS 320.170 to 320.189.

(2) Construction taxes imposed by a school district must be collected, subject to ORS 320.179, by a local government, local service district, special government body, state agency or state official that issues a permit for structural improvements regulated by the state building code.

SECTION 3. Section 1, chapter 829, Oregon Laws 2007, is added to and made a part of ORS 320.170 to 320.189.

SECTION 4. Section 1, chapter 829, Oregon Laws 2007, is amended to read:

Sec. 1. (1) A local government or local service district, as defined in ORS 174.116, or a special government body, as defined in ORS 174.117, may not impose a tax on the privilege of constructing improvements to real property except as provided in [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189.**

(2) Subsection (1) of this section does not apply to:

(a) A tax that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007;

(b) A tax on which a public hearing was held before May 1, 2007; or

(c) The amendment or increase of a tax adopted by a county for transportation purposes prior to May 1, 2007, provided that the proceeds of such a tax continue to be used for those purposes.

(3) For purposes of [*this section and sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189**, construction taxes are limited to privilege taxes imposed under [*sections 2 to 8 of this 2007 Act*] **ORS 320.170 to 320.189** and do not include any other financial obligations such as building permit fees, financial obligations that qualify as system development charges under ORS 223.297 to 223.314 or financial obligations imposed on the basis of factors such as income.

SECTION 5. ORS 320.176 is amended to read:

320.176. (1) Construction taxes imposed [*under ORS 320.170 to 320.189*] **by a school district pursuant to ORS 320.170** may be imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure and may not exceed:

(a) \$1 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

(b) \$0.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

(2) In addition to the limitations under subsection (1) of this section, a construction tax imposed on structures intended for nonresidential use may not exceed \$25,000 per building permit or \$25,000 per structure, whichever is less.

(3)(a) For years beginning on or after June 30, 2009, the limitations under subsections (1) and (2) of this section shall be adjusted for changes in construction costs by multiplying the limitations set forth in subsections (1) and (2) of this section by the ratio of the averaged monthly construction cost index for the 12-month period ending June 30 of the preceding calendar year over the averaged monthly construction cost index for the 12-month period ending June 30, 2008.

(b) The Department of Revenue shall determine the adjusted limitations under this section and shall report those limitations to entities imposing construction taxes. The department shall round the adjusted limitation under subsection (2) of this section to the nearest multiple of \$100.

(c) As used in this subsection, "construction cost index" means the Engineering News-Record Construction Cost Index, or a similar nationally recognized index of construction costs as identified by the department by rule.

SECTION 6. ORS 320.186 is amended to read:

320.186. A school district may pledge construction taxes **imposed pursuant to ORS 320.170** to the payment of obligations issued to finance or refinance capital improvements as defined in ORS 320.183.

SECTION 7. Sections 8 and 9 of this 2016 Act are added to and made a part of ORS 320.170 to 320.189.

SECTION 8. (1) The governing body of a city or county may impose a construction tax by adoption of an ordinance or resolution that conforms to the requirements of this section and section 9 of this 2016 Act.

(2)(a) A tax may be imposed on improvements to residential real property that result in a new residential structure or additional square footage in an existing residential structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate of the tax. The tax may not exceed one percent of the permit valuation for residential construction permits issued by the city or county either directly or through the Building Codes Division of the Department of Consumer and Business Services.

(3)(a) A tax may be imposed on improvements to commercial and industrial real property, including the commercial and industrial portions of mixed-use property, that result in a new structure or additional square footage in an existing structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate and base of the tax.

(4) Taxes imposed pursuant to this section shall be paid at the time specified in ORS 320.189 to the city or county that imposed the tax.

(5)(a) This section and section 9 of this 2016 Act do not apply to a tax described in section 1 (2), chapter 829, Oregon Laws 2007.

(b) Conformity of a tax imposed pursuant to this section by a city or county to the requirements of this section and section 9 of this 2016 Act shall be determined without regard to any tax described in section 1 (2), chapter 829, Oregon Laws 2007, that is imposed by the city or county.

SECTION 9. (1) As soon as practicable after the end of each fiscal quarter, a city or county that imposes a construction tax pursuant to section 8 of this 2016 Act shall deposit the construction tax revenues collected in the fiscal quarter just ended in the general fund of the city or county.

(2) Of the revenues deposited pursuant to subsection (1) of this section, the city or county may retain an amount not to exceed four percent as an administrative fee to recoup the expenses of the city or county incurred in complying with this section.

(3) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use the remaining revenues received under section 8 (2) of this 2016 Act as follows:

(a) Fifty percent to fund developer incentives allowed or offered pursuant to ORS 197.309 (5)(c) and (d) and (7);

(b) Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and

(c) Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county, respectively, for purposes of this section and section 8 of this 2016 Act.

(4) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use 50 percent of the remaining revenues received under section 8 (3) of this 2016 Act to fund programs of the city or county related to housing.

SECTION 10. Section 9, chapter 829, Oregon Laws 2007, is repealed.

SECTION 11. A city or county may not adopt a regulation, provision or requirement under ORS 197.309, as amended by section 1 of this 2016 Act, until the 180th day after the effective date of this 2016 Act.

SECTION 12. This 2016 Act takes effect on the 91st day after the date on which the 2016 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

Passed by Senate February 26, 2016

.....
Lori L. Brocker, Secretary of Senate

.....
Peter Courtney, President of Senate

Passed by House March 3, 2016

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2016

Approved:

.....M.,....., 2016

.....
Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2016

.....
Jeanne P. Atkins, Secretary of State

HOUSING POLICY BOARD

The mission of the Housing Policy Board is to increase the availability of decent, affordable housing for low and very low income families and individuals in Lane County.

Date: 12/4/2017
 To: Eugene City Council
 From: Intergovernmental Housing Policy Board
 Subject: The Affordable Housing Trust Fund and How to Fund It

Eugene City Council asked the Housing Policy Board to develop a recommendation for the creation of a local dedicated source of funding for affordable housing in its work session on April 12, 2017. Over the past year, members of the Housing Policy Board have gathered research on newly developed local funding sources in other Oregon communities and have worked to develop a recommendation for Council consideration. Over the past three months, the Housing Policy Board has met six times and members have reached out to multiple community stakeholders to inform its recommendation.

As a result of these conversations, it is clear there is significant and growing concern about access to affordable housing within Eugene and Lane County. Conversations with local affordable housing providers reveal that a local dedicated source of funding would greatly increase their ability to move forward a wide range of affordable housing developments. In particular, this resource would have much greater flexibility than federal and state resources that are currently available.

Background Information

Hundreds of local jurisdictions around the country have created housing trust funds to support the development and preservation of affordable housing. These trust funds typically augment federal and state grants with a locally controlled flexible resource. Eugene has previously created such a fund, but has never been able to establish a sustained source of revenue to adequately support it.

In 2016, the Oregon legislature created a new way to generate funding that can be used for affordable housing through the adoption of Senate Bill (SB) 1533. As a result of this legislation, local jurisdictions may choose to: 1) adopt a tax on construction permits (called a Construction Excise Tax or "CET") to generate revenue for affordable housing; and 2) implement inclusionary housing requirements (commonly called inclusionary zoning or "IZ"). This document discusses the first of those, the proceeds of which can go into a housing trust fund. A local jurisdiction may choose to adopt a CET without also adopting IZ.

Eugene may adopt a construction excise tax to support affordable housing. The tax may not exceed 1% for residential construction; there is no limit on the rate for commercial or industrial construction. The tax is assessed on the permit valuation of the improvements. The land value is not included. For residential construction, it includes both new construction and improvements to existing structures that add square footage to the living space.

If a jurisdiction implements a residential CET but does not implement a mandatory IZ program, the proceeds may be used as follows:

- 81% must be allocated to programs and incentives related to affordable housing as defined by the city.
- 15% must be transferred to Oregon Housing and Community Services (OHCS) to fund home ownership programs. (OHCS determines how these resources will be used and has communicated that these resources will be made available to the community where they were generated.)
- 4% may be retained to cover administrative expenses.

If a jurisdiction implements a residential CET and also implements a mandatory IZ program, the proceeds must be used as follows:

- 50% of the resources must be reserved for incentives to compensate a developer for IZ developments.
- 31% must be allocated to programs and incentives related to affordable housing as defined by the city.
- 15% must be transferred to Oregon Housing and Community Services (OHCS) to fund home ownership programs. (OHCS determines how these resources will be used and has communicated that these resources will be made available to the community where they were generated.)
- 4% may be retained to cover administrative expenses.

If a jurisdiction implements a commercial CET, the proceeds must be used as follows:

- 48% must be used to fund programs “related to housing” as defined by the City.
- 48% may be used by the city without restriction (including for administration of this program).
- 4% may be retained to cover administrative expenses.

There are numerous statutory exemptions from the tax including: 1) construction by governmental entities (for example, the school districts and the University of Oregon); 2) affordable housing developments that meet the state’s long-term affordability restrictions; 3) public or private hospitals; 4) religious facilities; 5) private schools; 6) nonprofit long-term care facilities, residential care facilities, and continuing care retirement facilities; and 7) agricultural buildings. The local jurisdiction may add more exemptions, such as Accessory Dwelling Units (ADUs), low income homeownership programs, etc.

What Other Jurisdictions Are Doing

Portland, Hood River County, Hood River City, Corvallis, Newport, Cannon Beach and Milwaukie have all adopted a CET pursuant to SB 1533. Portland is the only jurisdiction to adopt a mandatory IZ ordinance, though Corvallis has adopted a voluntary IZ ordinance. In addition, Sisters, Astoria, McMinnville, Salem, and Newberg are also considering a CET.

The adopted ordinances are quite similar but with a few substantive differences. All have adopted a 1% tax on all construction, except Corvallis which assesses a 1.5% tax on non-residential construction. Several allow for the rate to be set annually by the city council. Hood River County has a special rate

for new or replaced manufactured homes, at 75¢ per square foot.

Portland has added several exemptions including: ADUs (though the City will review this after two years); improvements valued at \$100,000 or less; and owner-occupied homes that qualify for Portland's low-income single-family property tax exemption. Hood River City and County also add both ADUs and some other minor exemptions. Tillamook exempts any facilities owned and operated by a 501(c)(3) corporation.

There are some variations regarding the use of proceeds, targeting different Area Median Income (AMI) levels:

- Portland targets affordable housing units at or below 60% of AMI for its non-IZ incentives; under SB 1533, its IZ incentives must serve people at 80% AMI and above.
- Corvallis targets affordable rental housing for those below 60% AMI and home ownership for those below 80%.
- Hood River County targets affordable housing up to 120% AMI.
- Hood River City targets affordable housing below 80% of AMI.
- Tillamook directs the residential CET to affordable housing below 80% of AMI, and all of the commercial CET to workforce housing below 200% of AMI.

These jurisdictions direct CET revenue into their own housing trust funds to support affordable housing programs. In addition, their ordinances do not provide specific definitions of affordable housing.

In Eugene, the Area Median Income for a family of four is \$59,000. A reasonable housing budget for this family would be up to \$1,475 for rent and utilities (about \$1,300 for rent alone). For a household of two, the Area Median Income is \$41,300, which translates into a monthly affordable housing budget of \$1,032 for rent and utilities (about \$900 for rent alone). Table 1 shows information on 100% AMI, 80% AMI, and 60% AMI income levels by household size in our region as defined by HUD HOME and CDBG programs. Table 2 shows gross rents for the corresponding income levels by unit size, which includes utility costs.

Table 1: Income Limits by Household Size

Income	Number of people					
	1	2	3	4	5	6
60% AMI*	\$24,780	\$28,320	\$31,860	\$35,400	\$38,280	\$41,100
80% AMI*	\$33,050	\$37,800	\$42,500	\$47,200	\$51,000	\$54,800
100% AMI**	\$41,300	\$47,200	\$53,100	\$59,000	\$63,800	\$68,500

* HUD HOME program

** HUD CDBG program

Table 2: Gross Rents for Corresponding Income Limits, Which Includes Utilities

Rent Limits	0 Bd	1 Bd	2 Bd	3 Bd	4 Bd	5 Bd
60% AMI	\$620	\$708	\$797	\$885	\$957	\$1,028
80% AMI	\$826	\$945	\$1,062	\$1,180	\$1,275	\$1,370
100% AMI	\$1,032	\$1,180	\$1,328	\$1,475	\$1,595	\$1,712

Potential Impact

CET revenue will fluctuate with real estate cycles. Based on Eugene construction activity over the last two years, a 1% tax on all construction is likely to generate about \$3 million per year. If the City decides on a different tax rate, the proceeds are likely to be as follows:

Commercial @ 0.5%	Commercial @ 1.0%	Commercial @ 1.5%	Residential @ 0.5%	Residential @ 1.0%
974,671	1,949,342	2,924,013	527,889	1,055,778

Because the use of CET proceeds is so flexible (especially without an accompanying mandatory IZ ordinance), it will enable expanding and preserving the supply of affordable housing. This can be done by providing additional gap financing to make housing more affordable. Other possible uses include funding for transitional housing, “housing first” projects, housing related operational support, permanent supportive housing, “missing middle” housing, conestoga huts, tiny housing, shelters, and land banking. Especially important is that these could be accomplished without the sometimes overwhelming, costly, and counter-productive HUD requirements. In addition, the funds could be used for projects when federal funds are prohibited.

Housing Policy Board Recommendation

The Housing Policy Board recommends that the City adopt a construction excise tax with the following policy elements:

Tax rate - The HPB recommends that the rate be set at 1% for all types of construction.

Exemptions - Besides the statutorily required exemptions, the HPB recommends exempting affordable housing developments that received an Affordable Housing System Development Charge exemption from the City.

Use of funds – The HPB recommends that all CET revenue (including the discretionary 48% from commercial) be used for affordable housing production and implementation costs (collection costs plus 1.0 FTE). The desired outcome of implementing the CET is to see a dramatic increase in affordable housing production. For rental units, the HPB recommends an emphasis for households earning 60% AMI and below. However, the guidelines should be set at 80% AMI and below to allow for greater flexibility. For home ownership units, the HPB recommends an emphasis on households earning 80% AMI and below. However, the guidelines should be set at 100% AMI and below to allow for greater flexibility. HPB anticipates the City would provide deeper subsidies for projects serving lower income residents and shallower subsidies for higher income levels within the above ranges.

Process for making funds available - The HPB recommends that the City put the proceeds into Eugene’s Affordable Housing Trust Fund, that staff develop an RFP process (similar to the process for HOME and CDBG funds) with proposed uses reviewed by an advisory committee which would contain some members of the HPB, and that City Council makes final funding decisions.

City of Eugene Housing Initiatives	Existing Council Direction Required by State or Federal Agency Project Specific Funding Allocated In Progress				
Plans and Policies					
Housing Consolidated Plan	√	√	√	√	Guiding document determining investment priorities for affordable housing; data collected for this federally-required plan can inform other policies and actions at the local level.
Comprehensive Plan Housing Chapter	√			√	Metro Plan contains state-required land use housing policies; the Eugene Comprehensive Plan offers opportunity to support the Consolidated Plan, include missing middle policies, and fully implement our pillars and community vision. A parcel specific plan diagram will be developed through this project.
River Road-Santa Clara Neighborhood Plan	√		√	√	Neighborhood Plan will implement Envision Eugene in a neighborhood context. Council allocated local funding last year; federal grant secured to fund planning and design work on corridor, including housing market + gentrification study. Potential to pilot missing middle zoning tools within this project.
Urban Reserves Planning	√		√	√	Urban reserves planning is looking at our land supply needs for up to 50 years into the future, in line with our community needs and values including affordability. Proposal due to Council in February 2020.
Growth Monitoring Program	√		√	√	The Growth Monitoring Program will track development trends, land consumption, price and affordability, and compare the results to assumptions made during adoption of the UGB. Report due in February 2021.
Regional Prosperity Plan/EcoDevo Programs	√			√	Goals include raising average wages and reducing unemployment; both impact affordability directly.
Land Use Code					
Land Use Code - Clear & Obj Housing Standards	√		√	√	This update to clear and objective standards for housing was directed by Council, funded and given a timeline of 1 year following UGB acknowledgment. Standards relate to all housing types and price levels.
Land Use Code - Secondary Dwellings (SB 1051)	√				Council directed phase one to meet the bill's timeline. Phase two has yet to be scoped or funded.
Land Use Code - Identify Regulatory Barriers	√		√	√	Council provided direction in 2012 and through Consolidated Plan. Regulatory barrier study/housing market study part of River Road-Santa Clara planning as noted above.
Incentives and Resources					
Construction Excise Tax Proposal	√			√	Council asked Housing Policy Board to develop a proposal for a local funding source for affordable housing; under review currently. Coming back to Council this spring.
Systems Development Charges Incentives	√			√	Council provided direction to incentivize compact development and small housing in 2012; transportation proposal coming to work session 2/28/18. Incentives proposed for compact development and secondary dwelling units.
Missing Middle Handbook				√	A resource for community members to explain missing middle types in Eugene; includes walking tour and sample code.
Design Consultations				√	Design consultations are offered to developers and designers to help projects align with our Community Design Handbook.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Downtown Dog Licensing

Meeting Date: April 9, 2018
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 3
Staff Contact: Denny Braud
Contact Telephone Number: 541-682-8817

ISSUE STATEMENT

This work session provides an opportunity for City Council to discuss and provide feedback on a proposed downtown safety ordinance prohibiting unlicensed dogs in downtown.

BACKGROUND

Eugene's downtown serves as a cultural, economic and civic center for the community. The City, public and private partners, and the community have all invested considerable time and resources into Eugene's downtown revitalization, which has resulted in significant improvements and brought increased activity to downtown.

While this is certainly one of the desired effects of the community's collective efforts to invigorate downtown, there continue to be significant concerns about downtown safety and unwelcoming behaviors that persist in the area. A survey conducted in the fall of 2017 about downtown public spaces revealed improvements, but continuing safety concerns. In addition, the City Manager and staff have met with a number of stakeholders over the last months, hearing continuing concerns about overall safety.

Last March, Council adopted an ordinance establishing a temporary dog restriction on public property in the Downtown core. It went into effect on April 10 and sunset on October 31, of 2017, and did not apply to service animals or dogs whose owners lived or worked Downtown. The purpose of the pilot was to create a safe and welcoming downtown by limiting large congregations of dogs in areas where there are high numbers of people living, working, visiting and needing the sidewalks. It was similar to a restriction that was put in place in the late 1990s near the University of Oregon to deal with large concentrations of dogs in a similarly high pedestrian-traffic area. Signs were placed around downtown and other outreach was done to help educate the public and downtown community about the ordinance. Eugene Police Department officers worked to educate first and then move to enforcement. EPD had 70 dog contacts and issued 19 citations, all after warnings were initially given. They found a 26% reduction in animal-related complaints downtown and anecdotally heard that many people—especially those living downtown—felt safer with the dog restriction in place.

Because downtown continues to be a unique gathering place for thousands of community

members each day, and because there have been ongoing concerns expressed about pedestrian and pet safety within the downtown core, council is being asked to consider what was learned in the 2017 dog restriction ordinance and reconsider the creation of new code provisions that address safety downtown. The ordinance, attached as Attachment A, would prohibit dogs in the downtown Eugene core unless the dog owner holds a valid dog license that certifies the dog has been vaccinated for rabies and the license is attached to a collar or harness on the dog for which it is issued. Under the proposed ordinance, any valid dog license would qualify; visitors to Eugene with a valid license certifying their dog is vaccinated, will be welcome downtown. This proposal is less restrictive than the 2017 pilot ordinance, but still addresses the major concern regarding unlicensed dogs in the highly populated downtown core area.

Eugene already has a dog licensing requirement for all dogs. A person can license their dog online, by mail or in person at numerous locations in town, including many veterinary clinics. A current rabies vaccination is required and a discount is provided with proof of spay/neuter. Pro-Bone-O—a non-profit organization providing veterinary services to pets of people who are unhoused—offers free vaccinations and spay/neuter services at their clinic within the Eugene Mission twice a month (only once monthly in November and December). This provides an avenue for people who are unhoused to receive the necessary vaccinations and spay/neuter services to receive a dog license.

RELATED CITY POLICIES

City Council Goals

Safe Community - A community where all people are safe, valued and welcome.

- Greater sense of safety (especially downtown)

Eugene Downtown Plan

Safe Civic Center - The City will provide for the safety and security of downtown residents and visitors.

- Support public safety activities that increase visibility, access, actual and perceived safety for individuals and property downtown.

Regional Prosperity Economic Development Plan

Strategy 5: Identify as a Place to Thrive, Priority Next Step - Urban Vitality

As we foster a creative economy, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The Cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

COUNCIL OPTIONS

1. Direct the City Manager to schedule a public hearing on an ordinance concerning the prohibition of unlicensed dogs within the downtown core consistent with the draft ordinance attached as Attachment A.

2. Direct the City Manager to schedule a public hearing on an ordinance concerning the prohibition of unlicensed dogs within the downtown core consistent with the draft ordinance attached as Attachment A *but limit licensed dogs downtown to only those dogs licensed within the state of Oregon.*
3. Direct the City Manager to schedule a public hearing to reinstate the downtown dog ban from summer 2017 (see Attachment B).
4. Take no action at this time.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends scheduling a public hearing on an ordinance concerning the prohibition of unlicensed dogs within the downtown core consistent with the draft ordinance in Attachment A.

SUGGESTED MOTION

Move to direct the City Manager to schedule a public hearing on an ordinance concerning the prohibition of unlicensed dogs within the downtown core consistent with the draft ordinance attached as Attachment A.

ATTACHMENTS

- A. Ordinance Concerning the Prohibition of Unlicensed Dogs in the Downtown Core
- B. Ordinance Concerning the Prohibition of Dogs Within the Downtown Core – 2017
- C. Map of the Downtown Core Area

FOR MORE INFORMATION

Staff Contact: Denny Braud
Telephone: 541-682-8817
Staff E-Mail: denny.braud@ci.eugene.or.us

ORDINANCE NO. _____

**AN ORDINANCE CONCERNING THE PROHIBITION OF UNLICENSED DOGS
WITHIN THE DOWNTOWN CORE AND AMENDING SECTION 4.427 OF THE
EUGENE CODE, 1971.**

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Subsection (3) of Section 4.427 of the Eugene Code, 1971, is added to provide as follows:

4.427 Dogs - Certain Areas Prohibited.

- (1)** Except as provided in subsection (2) of this section, no dog owner shall permit a dog to be on Alder Street, including the sidewalks thereof, between and including the southern sidewalk of East 12th Avenue and the northern sidewalk of East 14th Avenue, nor on East 13th Avenue, including the sidewalks thereof, between and including the eastern sidewalk of Pearl Street and the eastern sidewalk of Kincaid Street.
- (2)** The prohibition of subsection (1) of this section does not apply to a dog owner who maintains a lawful residence within the restricted area, to a dog assisting law enforcement personnel, to a dog assisting an individual with a disability, or to a dog inside a motorized vehicle.
- (3)** ***Unless the dog owner holds a valid dog license that certifies the dog has been vaccinated for rabies and the license is attached to a collar or harness on the dog for which it is issued, no dog owner shall permit a dog to be within the downtown core as that area is defined in section 4.871 of this code, except for the publicly owned property and rights-of-way abutting the Dining Room located at 270 W 8th Avenue.***

Section 2. Pursuant to the provisions of Section 32(2) of the Eugene Charter of 2002, with the affirmative vote of two-thirds of the members of the City Council, this Ordinance shall become effective immediately upon adoption by the Council and approval by the Mayor, or passage over the Mayor's veto. An immediate effective date is necessary to have this licensure requirement in place prior to the beginning of the summer season.

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 _____, 2018

City Recorder

Approved by the Mayor this

____ day of _____, 2018

Mayor



COUNCIL ORDINANCE NO. 20577

COUNCIL BILL 5170

AN ORDINANCE CONCERNING THE PROHIBITION OF DOGS WITHIN THE DOWNTOWN CORE EXCEPT IN CERTAIN CIRCUMSTANCES; AMENDING SECTION 4.427 OF THE EUGENE CODE, 1971; AND PROVIDING FOR A SUNSET DATE OF NOVEMBER 1, 2017

ADOPTED: March 8, 2017

SIGNED: March 10, 2017

PASSED: 6:2

REJECTED:

OPPOSED: Semple, Taylor

ABSENT:

EFFECTIVE: April 10, 2017



ORDINANCE NO. 20577

AN ORDINANCE CONCERNING THE PROHIBITION OF DOGS WITHIN THE DOWNTOWN CORE EXCEPT IN CERTAIN CIRCUMSTANCES; AMENDING SECTION 4.427 OF THE EUGENE CODE, 1971; AND PROVIDING FOR A SUNSET DATE OF NOVEMBER 1, 2017.

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Subsections (3) and (4) of Section 4.427 of the Eugene Code, 1971, are added to provide as follows:

4.427 Dogs - Certain Areas Prohibited.

- (1) Except as provided in subsection (2) of this section, no dog owner shall permit a dog to be on Alder Street, including the sidewalks thereof, between and including the southern sidewalk of East 12th Avenue and the northern sidewalk of East 14th Avenue, nor on East 13th Avenue, including the sidewalks thereof, between and including the eastern sidewalk of Pearl Street and the eastern sidewalk of Kincaid Street.
- (2) The prohibition of subsection (1) of this section does not apply to a dog owner who maintains a lawful residence within the restricted area, to a dog assisting law enforcement personnel, to a dog assisting an individual with a disability, or to a dog inside a motorized vehicle.
- (3) Except as provided in subsection (4) of this section, no dog owner shall permit a dog to be within the downtown core as that area is defined in section 4.871 of this code, except for the publicly owned property and rights-of-way abutting the Dining Room located at 270 W 8th Avenue.
- (4) The prohibition in subsection (3) of this section does not apply to a dog owner who maintains a lawful residence or is employed within the downtown core, to a dog assisting law enforcement, to a dog assisting an individual with a disability, or to a dog inside a motorized vehicle. To qualify for the exemption under this subsection (4) a dog owner must hold a valid dog license for a license-eligible dog (set of permanent canine teeth or attained the age of 6 months).

Section 2. Section 1 of this ordinance shall sunset and be repealed, effective November 1, 2017, unless extended or made permanent by future Council action.

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.

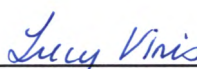
Passed by the City Council this

8th day of March, 2017


City Recorder

Approved by the Mayor this

10 day of March, 2017


Mayor

Downtown Core

ATTACHMENT C



Downtown core: Publicly-owned property and rights-of-way located within the area bounded by a line that runs from the intersection of 10th Avenue and Pearl Street, north to 8th Avenue, west on 8th Avenue to Lincoln Street, south on Lincoln Street to 10th Avenue, east on 10th Avenue to Charnelton Street, south on Charnelton Street to 11th Avenue, east on 11th Avenue to Willamette Street, north on Willamette Street to 10th Avenue, and east on 10th Avenue to Pearl Street, including sidewalks on both sides of the streets and avenues that define the area and all public improvements located therein.

City of Eugene PDD - February 5, 2017
Caution: This map is based on imprecise source data,
subject to change, and for general reference only.

