



Eugene City Council

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EUGENE CITY COUNCIL AGENDA AMENDED

October 25, 2023

12:00 p.m. CITY COUNCIL WORK SESSION

City Council Wednesday work sessions will be held using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

NOTE: This agenda has been amended to add an action item to the agenda.

Meeting of October 25, 2023; Her Honor Mayor Lucy Vinis Presiding

Councilors

Randy Groves, President
Lyndsie Leech
Jennifer Yeh
Mike Clark

Matt Keating, Vice President
Emily Semple
Alan Zelenka
Greg Evans

12:00 p.m. CITY COUNCIL WORK SESSION

Mayor: I call the October 25, 2023, meeting of the Eugene City Council to order.

- 1. ACTION: An Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.937, 2.938, 2.939 and 2.940 of the Eugene Code, 1971.**
- 2. WORK SESSION: Presentation of Initiative Petition 2023-2 to Council**

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

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

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

October 25, 2023 Work Session

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Action: An Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.937, 2.938, 2.939 and 2.940 of the Eugene Code, 1971.

Meeting Date: October 25, 2023
Department: Planning and Development Department
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Laura Hammond
Contact Telephone Number: 541-682-5502

ISSUE STATEMENT

This ordinance would amend the Eugene Code to make limited equity cooperatives in the City of Eugene eligible for the Low-Income Rental Housing Property Tax Exemption (LIRHPTE), align the City's LIRHPTE code provisions with state statutes, and improve its readability (See Attachment A for the proposed ordinance.).

BACKGROUND

The LIRHPTE is enabled by state statutes; specifically, ORS 307.515-307.540. The 20-year exemption is for properties offered for rent to low-income households or properties in predevelopment being held for the purpose of constructing low-income rental housing. The Eugene Code currently limits eligibility for this program to low-income rental housing that is affordable to households earning no more than 60 percent of the area median income (AMI). Applicants requesting a 20-year exemption can be non-profit housing providers or other entities providing low-income rental housing.

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

In 2023, the Oregon Legislature approved [House Bill 2080](#) expanding LIRHPTE eligibility to include limited equity cooperatives. The legislation defines a "limited equity cooperative" as a cooperative corporation formed under ORS chapter 62 whose articles of incorporation prohibit members from selling their ownership interests in a housing unit to any person other than a low income person; or for a sales price that exceeds: the price the member paid for the ownership interest, the cost of any permanent improvements the member made to the housing unit, and any special assessment the member paid to the cooperative during their ownership and interest of at least three percent compounded annually. An example of this type of "limited equity cooperative"

housing is Peace Village on River Road, which will include 70 affordable units. Residents will collectively own the housing and will commit to resell their home/share at a price that maintains affordability.

Proposed Ordinance: The proposed ordinance would allow housing or property owned by a limited equity cooperative to qualify for the LIRHPTE if:

1. It is occupied by low-income persons holding a proprietary lease in the limited equity cooperative;
2. The charges paid by the occupant to the limited equity cooperative for occupancy reflect the full value of the property tax exemption;
3. The application for exemption is filed before July 1, 2030;
4. The housing units on the property were constructed, or converted to limited equity cooperative ownership, after February 12, 1990;
5. The proposed development is consistent with the policies set forth in the Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption adopted by council resolution;
6. The proposed development is consistent with the city's housing dispersal policy;
7. The proposed development does not cause displacement of low-income persons unless the city and developer can reach agreement on provisions (to be provided by the developer) that reflect satisfactory mitigation thereof;
8. The proposed development does not cause destruction of historic properties; and,
9. The proposed development is otherwise consistent with the Eugene Code and adopted city regulations and policies.

The proposed ordinance would expand the type of developments **eligible** for LIRHPTE to include limited equity cooperatives. It would **not approve** any specific LIRHPTE applications. Each LIRHPTE application must be separately approved by City Council by resolution. Applicants must demonstrate a direct reduction in rent or the housing payment due to the exemption.

The rest of the proposed code changes in the ordinance are focused on readability and on aligning the City's LIRHPTE code provisions with state statutes. As allowed by state law, the proposed ordinance would expand the definition of "low income" to allow rental housing to assist households earning up to 80 percent of area median income (AMI) in certain circumstances and still be eligible for the LIRHPTE. If the proposed ordinance is adopted, rental housing would be considered "low income" under any of three circumstances. First, the rental housing is only available to persons with an income at or below 60 percent AMI. Second, only persons with an income at or below 60 percent AMI are eligible to initially occupy rental housing assisted with LIRHPTE, but the household's income may rise up to 80 percent AMI after the first year of occupancy and the rental housing would still be eligible for the LIRHPTE. Third, for rental units on property that is awarded Low Income Housing Tax Credits, the rental housing is available to persons with an income at or below 80 percent AMI, provided that the average area median income of all housing units on the property is at or below 60 percent AMI.

Program Impact: Since 1990, Eugene has approved 37 property tax exemptions for low-income developments totaling over 1,600 housing units throughout the city. The property tax exemption plays a significant role in reducing rents for low- and very-low-income residents of Eugene. The monetary benefit of the exemption varies based on development size and appraised tax value.

The LIRHPTE program, along with commitment of other local resources, enables Eugene Affordable Housing developers to successfully compete for and leverage highly competitive state and federal resources for the continued development of quality Affordable Housing in Eugene. These developments also help support the local economy through the creation of construction jobs and permanent property management, building maintenance, and service provider jobs. Expansion of the types of development eligible for the LIRHPTE through the proposed ordinance would allow more Eugene projects to leverage those resources and would increase access to homeownership for low-income households.

A public hearing on the proposed ordinance was held on October 16, 2023.

RELATED CITY POLICIES

Housing Implementation Pipeline (HIP): The proposed update aligns with Affordable Housing preservation and development goals outlined in the HIP 5-year internal workplan. The HIP lists the LIRHPTE program as an important tool for supporting housing that serves the public good. The inclusion of limited equity cooperatives in the LIRHPTE program will help affordable housing developers to both finance new construction and to preserve existing affordable limited equity cooperative housing units furthering the HIP's 2- and 5-year goals of increasing and maintaining the number of Affordable Housing units available to the community.

City of Eugene [Strategic Plan 2023-2026](#) – The proposed update aligns with the following areas of the City's strategic plan:

Urgent Community Needs

- Stabilize the cost of housing.

PREVIOUS COUNCIL DIRECTION

[May 26, 2020 Meeting](#)

City Council moved to adopt an Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.938, 2.939 and 2.940 of the Eugene Code, 1971 to extend the sunset date 10 years. The Council also moved to adopt the Resolution Adopting Amended Standards and Guidelines for Processing Applications for Low-Income Rental Housing Property Tax Exemptions and Repealing Resolution No. 5028 to comply with state law. (Motions passed 8:0)

COUNCIL OPTIONS

1. Adopt the ordinance as proposed in Attachment A to this Agenda Item Summary.
2. Adopt the ordinance with specific modifications as determined by City Council.
3. Take no action.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.937, 2.938, 2.939 and 2.940 of the Eugene Code, 1971 as provided in Attachment A to this AIS.

SUGGESTED MOTION

Move to adopt the Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.937, 2.938, 2.939 and 2.940 of the Eugene Code, 1971, included as Attachment A to this Agenda Item Summary.

ATTACHMENTS

- A. Ordinance Concerning Low-Income Rental Housing Property Tax Exemption and Amending Sections 2.937, 2.938, 2.939 and 2.940 of the Eugene Code, 1971.
- B. LIRHPTE Frequently Asked Questions

FOR MORE INFORMATION

Staff Contact: Laura Hammond, Housing Tool Analyst
Telephone: 541-682-5502
Staff E-Mail: LHammond@eugene-or.gov

ORDINANCE NO. _____

**AN ORDINANCE CONCERNING LOW-INCOME RENTAL HOUSING
PROPERTY TAX EXEMPTION AND AMENDING SECTIONS 2.937, 2.938,
2.939, AND 2.940 OF THE EUGENE CODE, 1971.**

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Section 2.937 of the Eugene Code, 1971, is amended to add the definitions of “limited equity cooperative” and “rent” and to amend the definition of “low income” to provide as follows:

2.937 Low-Income Rental Housing Property Tax Exemption – Definitions.

For purposes of sections 2.938 to 2.940, the following words and phrases mean:

City manager. The city manager of the city of Eugene, or the manager’s designee.

Lender. The provider of a loan secured by the recorded deed of trust or recorded mortgage made to finance the purchase, construction or rehabilitation of a property used for low income housing under the criteria listed in section 2.939 of this code.

Limited equity cooperative. A cooperative corporation formed under Chapter 62 of the Oregon Revised Statutes (ORS), whose articles of incorporation, in addition to the other requirements of ORS Chapter 62, prohibit members from selling their ownership interests:

(1) To any person other than a low income person; or

(2) For a sales price that exceeds the sum of:

(a) The price the member paid for the ownership interest;

(b) The cost of any permanent improvements the member made to the housing unit during the member’s ownership;

(c) Any special assessments the member paid to the limited equity cooperative during the member’s ownership that were expended to make permanent improvements to the building in which the member’s housing unit is located; and

(d) A return on the amounts described in (a) – (c) above, computed from the year in which the respective amount was paid, that equals the greater of the result of:

1. Adjusting each amount by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers, West Region (All Items),

as published by the Bureau of Labor Statistics of the United States Department of Labor; or

2. Increasing each amount by three percent compounded annually.

Low-income. Low Income means:

(1) Income at or below 60 percent of the area median income as determined by the ~~State-Oregon~~ Housing Stability Council based on information from the United States Department of Housing and Urban Development;

(2) (a) For the initial year that persons occupy property for which an application for exemption is filed under EC 2.938, income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; and

(b) For every subsequent consecutive year that persons occupy the property, income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; or

(3) For housing units on property that is awarded tax credits through the federal Low-Income Housing Tax Credit Program and is a qualified low income housing project meeting the requirements of 26 U.S.C. 42(g)(1)(C), income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development, provided the average area median income of all housing units on the property is at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development.

Rent. Rent includes charges paid by the holder of a proprietary lease in a limited equity cooperative for occupancy of a housing unit owned by the cooperative.

Section 2. Section 2.938 of the Eugene Code, 1971, is amended by amending the introductory language in subsection (1); amending subsection (1)(c); amending subsection (1)(d); amending subsection (1)(e); amending subsection (1)(f) and renumbering it as (1)(e)2.; amending subsections (1)(g) and (1)(h) and renumbering subsections (1)(g) and (1)(h) as (1)(f); adding a new subsection (1)(g); renumbering subsection (1)(i) as (1)(h); and renumbering subsection (1)(j) as (1)(i) to provide as follows:

2.938 Low-Income Rental Housing Property Tax Exemption – Application.

(1) An application for exemption from property taxes hereunder for low-income rental housing units ~~constructed after February 12, 1990~~ shall be filed with the city manager, on a form provided by the city manager, which shall contain the following, if applicable:

(a) A description of the property, or portion thereof, for which the exemption is requested;

(b) A description of the purpose of the project and whether all or a portion of the property will be used for that purpose;

(c) A certification of the income levels of low-income occupants;

(d) A description of how the tax exemption will benefit project ~~occupants~~ residents;

(e) If the application will rely on the approval criteria in EC 2.939(3) or (4):

1. Evidence that, if unoccupied, the property is offered for rental solely as a residence for low-income persons, or is held for the purpose of developing low income rental housing; and

~~(f)~~ 2. Evidence that, if occupied, the property is occupied solely as a residence for low-income persons;

~~(g)~~ If the application will rely on the approval criteria in EC 2.939(4):

1. Evidence that the property is owned or being purchased by a non-profit corporation which meets the criteria for either a public benefit corporation ~~as described in ORS 65.001(38)~~, or a religious corporation, as ~~described~~ defined in ORS 65.001~~(40)~~; and

~~(h)~~ 2. Evidence that the nonprofit corporation expends no more than ten percent of its annual income from residential rentals for purposes other than acquisition, maintenance or repair of residential rental property for low-income persons;

(g) If the application will rely on the approval criteria in EC 2.939(6), evidence that the housing units are owned by a limited equity cooperative as defined in EC 2.937 that meets the criteria for a cooperative corporation under ORS Chapter 62.

~~(h)~~ A description of the plans for development of the property if the property is being held for future low income rental housing development; and

~~(i)~~ Any other information required by the city manager.

Section 3. Section 2.939 of the Eugene Code, 1971, is amended by amending subsection (2); adding a new subsection (3); renumbering subsections (2)(a)-(c) as (3)(a)-(c); adding subsection (3)(d); renumbering subsection (2)(d) as (3)(e); amending subsection (2)(e) and renumbering it as (3)(f); renumbering subsections (2)(f) through (2)(i) as (3)(g) through (3)(j); amending subsection (3) and renumbering it as (4); renumbering the final paragraph in subsection (3) as (5) and (5)(a); adding a new subsection (5)(b); adding a new subsection (6); and renumbering subsections (4) through (7) as (7) through (10) to provide as follows:

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

(1) Upon receipt of the application and required fee, the city manager shall review the application and make a written recommendation thereon to the council in sufficient time to allow the council to act within 60 days from the date the application is filed.

(2) Upon receipt of the city manager's recommendation the council shall consider the application and grant or deny the property tax exemption. ~~The city manager shall recommend approval of an application, and the council shall grant the exemption upon determining satisfactory compliance with or mitigation of the following criteria:~~

(3) The city manager shall recommend approval of an application, and the council shall grant the exemption upon determining satisfactory compliance with or mitigation of the following criteria:

(a) If unoccupied, the property:

1. Is offered for rental solely as a residence for low income persons; or
2. Is held for the purpose of developing low income rental housing;

(b) If occupied, the property, or portion thereof subject to the property tax exemption, is occupied solely ~~as a residence for~~by low-income persons;

(c) The required rent payment reflects the full value of the property tax exemption;

(d) The applicant's application was filed before July 1, 2030;

~~(e)~~ The housing units on the property were constructed after February 12, 1990;

~~(f)~~ The proposed development is consistent with the policies set forth in the Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption adopted by council resolution;

~~(g)~~ The proposed development is consistent with the city's housing dispersal policy;

(~~h~~^g) The proposed development does not cause displacement of low-income persons unless the city and developer can reach agreement on provisions (to be provided by the developer) that reflect satisfactory mitigation thereof;

(~~h~~) The proposed development does not cause destruction of historic properties (as defined in section 9.0500 of this code), except:

1. Where development has proceeded according to historic property moving and demolition procedures as set forth in sections 9.8160, 9.8180 and 9.8185 of this code; or

2. The property is granted an exception by the council; and,

(~~i~~) The proposed development is otherwise consistent with this code and adopted city regulations and policies.

(~~4~~³) As an alternative to an application considered under subsection (~~3~~²) of this section, the city manager shall recommend approval of an application, and the council shall grant the exemption upon determining the applicant meets the criteria set forth in subsections (~~3~~²)(~~d~~^e), (f), (g), (h) (~~i~~) and (~~j~~) of this section and all the following criteria:

(a) If unoccupied, the property is offered for rental solely as a residence for low-income persons, or is held for the purpose of developing low income rental housing;

(b) If occupied, the property, or portion thereof subject to the property tax exemption, is occupied solely as a residence for low-income persons;

(c) The applicant's application was filed prior to July 1, 2030;

(d) The property is owned or being purchased by a nonprofit corporation organized in a manner that meets the criteria for either a public benefit corporation or, ~~as described under ORS 65.001(38) or for a religious corporation, as those terms are described under defined in~~ ORS 65.001(~~40~~); and

(e) The property is owned or being purchased by a nonprofit corporation that expends no more than ten percent of its annual income from residential rentals for purposes other than acquisition, maintenance or repair of residential rental property for low-income persons, or for the provision of on-site child care services for the residents of the rental property.

(~~5~~) For purposes of ~~this~~ subsection (~~4~~):

(~~a~~); A nonprofit corporation that has only a leasehold interest in property is considered to be a purchaser of that property if the nonprofit corporation is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in the rental activity on that property, or the rent payable has been established to reflect the savings resulting from the exemption from taxation; and

(b) A partnership shall be considered a nonprofit corporation if the nonprofit corporation is a general partner of the partnership and the nonprofit corporation is responsible for the day-to-day operation of the property that is the subject of the application for exemption.

(6) The city manager shall recommend approval of an application, and the council shall grant the exemption upon determining the applicant meets the criteria set forth in subsections (3)(d), (f), (g), (h) (i) and (j) of this section and all the following criteria:

(a) The property is owned by a limited equity cooperative;

(b) The property is occupied by low income persons holding a proprietary lease in the limited equity cooperative; and

(c) The housing units on the property were constructed, or converted to limited equity cooperative ownership, after February 12, 1990.

(74) At the meeting at which the city manager's recommendation is considered the council shall adopt a resolution approving the application and granting the property tax exemption, or adopt a resolution disapproving the application and denying the property tax exemption.

(85) A resolution approving an application shall contain:

(a) The owner's name and address;

(b) A description of the housing unit;

(c) The legal description of the property or the county assessor's property account number;

(d) Any specific conditions upon which the approval is based;

(e) If only a portion of the property is approved, a description of the portion approved; and

(f) A certification that the property or portion thereof, is exempt from ad valorem taxation.

(96) Within ten days from the date of its adoption, the city manager shall forward to the applicant a copy of the resolution adopted by the council approving an application, and, on or before April 1 following approval shall file a copy thereof with the county assessor. The copy shall contain therein or be accompanied by a notice explaining to the applicant the grounds for possible termination of the exemption prior to the end of the exemption period or thereafter, and the effects of termination.

(107) A resolution denying an application shall state the reasons for denial, shall be forwarded to the applicant within ten days of its adoption, and shall inform the applicant of the right to appeal in the manner set forth in ORS 34.010 to 34.100.

Section 4. Section 2.940 of the Eugene Code, 1971, is amended by amending subsection (1); amending subsection (1)(a); amending subsection (1)(c) and renumbering part of subsection (1)(c) as (2); amending subsection (2) and renumbering it as (3); amending subsection (3) and renumbering it as (4); amending subsection (4) and renumbering it as (5);

amending subsection (5) and renumbering it as (6); amending subsection (6) and renumbering it as (7) to provide as follows:

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

(1) An exemption may be terminated if ~~If after a resolution approving an application for exemption hereunder has been filed with the county assessor~~ the city manager finds that:

- (a) Construction or development of the exempt property differs from the construction or development described in the application for exemption, or was not completed on or before July 1, 2030, and no extensions or exceptions as provided in subsection (45) of this section ~~hereof~~ have been granted; or,
- (b) The applicant has failed to comply with the provisions of ORS 307.515 to 307.523, the provisions of this code, or any provisions of the standards and guidelines adopted by council resolution; or,
- (c) The applicant has failed to comply with any conditions imposed in the resolution approving the application.

(2) If, after a resolution approving an application for exemption hereunder has been filed with the county assessor, the city manager finds that any of the conditions described in subsection (1) of this section apply to the exempt property, the city manager shall recommend to the council, and notify the owner of the property, at the owner's last known address, and every known lender, at the last known address of each such lender, of the manager's recommendation that the exemption be terminated. The notice shall clearly state the reasons for the proposed termination, and shall require the owner to appear before the council, at a time specified in the notice, which shall be 20 days or more from the date the notice was mailed, to show cause, if any exists, why the exemption should not be terminated.

(~~23~~) If the owner fails to appear before the council at the time specified in the notice, or if the owner appears and fails to show cause why the exemption should not be terminated, the city manager shall notify every known lender and shall allow each such lender not less than 30 days after the date the notice of the failure to appear and show cause is mailed to cure any noncompliance or to provide ~~assure~~ adequate assurances to the council that all noncompliance shall be remedied. If the owner fails to appear and show cause why the exemption should not be terminated, and the lender fails to cure or give adequate assurance that any noncompliance will be cured, the council shall adopt a resolution terminating the exemption, which shall contain ~~its~~ the council's findings in support ~~thereof~~ of the termination. Copies of the resolution shall be filed with the county assessor and mailed to the property owner, at the owner's last address, and to the lender, at the lender's last known address, within 10 days from the date the resolution is adopted. If a determination is made that the exemption should continue as previously granted, the council shall adopt a motion rejecting the manager's recommendation, and notify the property owner of that action within 10 days from the date of the hearing.

(~~34~~) All reviews of council action in denying an application or terminating an exemption shall be governed by the procedures set forth in ORS 34.010 to 34.100 and correction of assessments and tax rolls and the evaluation of the property shall be in conformity with subsection (2) of ORS 307.533. The council's action on an exemption ~~shall not be~~ is not a land use decision ~~for purposes of administrative review~~.

(45) Upon receipt of a request from the property owner, the council may, by resolution, extend the deadline beyond July 1, 2030 for completion of construction of the low-income rental housing for a period not to exceed 12 consecutive months, i.e., July 1, 2031, if it finds the failure to complete construction by July 1, 2030 was due to circumstances beyond the control of the owner, and that the owner had been and could reasonably be expected to act in good faith and with due diligence. If property granted an exemption hereunder is subsequently destroyed by fire or act of God, or is no longer capable of owner-occupancy due to circumstances beyond the control of the owner, the exemption shall cease, but no additional taxes shall be imposed upon the property under ORS 307.531 or 307.533.

(56) The low-income housing granted an exemption by the council shall be exempt from ad valorem taxation for 20 successive years beginning with the tax year commencing immediately following the calendar year in which the application was approved. The exemption shall apply only to the land and improvements located thereon that are a part of ~~the~~ a low-income rental housing development unit, or land that is being held for future development of low income rental housing. The exemption shall be in addition to any other exemption provided by law. In the final year of low-income housing tax exemptions, applications for subsequent low-income housing tax exemptions for the property may be submitted. Such applications shall be processed in accordance with sections 2.937 to 2.940 of this code.

(67) Any exemption granted by the council shall terminate immediately, without right of notice or appeal, and in accordance with the provisions of ORS 307.531, in the event:

(a) The exempt property is being held for future development of low income rental housing and it is used for any purpose other than the provision of low income rental housing; or

(b) The county assessor determines that a change of use to other than that allowed has occurred for the housing unit, or portion thereof, or a declaration as defined in ORS 100.005 is presented to the county assessor or tax collector for approval under ORS 100.110.

~~Termination shall be in accordance with the provisions of ORS 307.531.~~

Section 5. 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 _____, 2023

City Recorder

Approved by the Mayor this

___ day of _____, 2023

Mayor

Low-Income Rental Housing Property Tax Exemption Frequently Asked Questions

What is a LIRHPTE?

The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) provides a 20-year property tax exemption for Eugene rental housing that offers rents affordable to lower income households or property that is held for the purpose of developing low-income rental housing. The income limit for the program is 60% of the area median income based on household size, as determined annually by the US Department of Housing and Urban Development (HUD).

What does it do?

The LIRHPTE is an incentive to create housing opportunities that are affordable to lower income households – a critical need in our community. By providing tax exemptions for low-income housing LIRHPTEs help to preserve the affordability and offer below-market rents. It is one way the City of Eugene is working to create more housing that is affordable to people with lower household incomes in our community. ([Learn about more affordable housing efforts](#))

Who can apply for a LIRHPTE in Eugene?

Eligible owners include:

- non-profit public benefit (501c3) or religious corporations or
- any owner (including for-profit organizations) if the housing was constructed after 1990.

When are applications due?

Applications are due before December 1 of the calendar year immediately preceding the tax year for which an exemption is requested. Applications are accepted anytime, except for the months of June and July. If the property is not yet owned by the applicant at the time of application, the purchase must complete by March 31 of the year for which the exemption is requested.

What is required to get a LIRHPTE?

If an applicant is eligible, they must commit to offering rents that are affordable to people earning no more than 60% of the area median income based on household size (determined annually by HUD) for a period of 20 years. Below are the current HUD income limits for our area:

2023 – AREA MEDIAN INCOME LIMITS							
Persons in Household (#)	1	2	3	4	5	6	7
60% AMI (\$)	35,460	40,500	45,540	50,580	54,660	58,680	62,760

Applicants must submit a completed City of Eugene application packet that documents that the development meets the LIRHPTE criteria established by the State and City of Eugene. The packet includes documentation of the ownership entity, a legal property description, proof of ownership of the

property or site control (such as a purchase option agreement), a rent regulatory agreement (city form), consent to inspect the premises (city form), and certification of income levels of occupants. Applicants submit additional documentation related to required rents, occupation by low-income households, and documentation that owners spend no more than 10% of their annual rental income for purposes other than acquisition, maintenance, or repair of residential rental property for low-income persons.

The application must be signed before a Notary Public. If the applicant does not supply all the required information, the application will be returned. It will not be considered filed until it is complete.

The City Council will take action to approve or deny the application within 60 days of being filed. If it is approved, the City informs Lane County of the approval by April 1 the year the exemption will begin.

What is included in the application process?

Once an application is received, a public notice is sent to the property's local neighborhood association and school board for comment. Staff conduct an analysis of eligibility and prepare materials so the application can go before the City Council for consideration within 60 days of being filed. The City Council approves or denies the application by resolution at a scheduled public meeting.

How do I get an application?

You can request an application by emailing program staff, [Laura Hammond](#), or calling 541-682-5416.

Can you get a LIRHPTE for a portion of a property or does the entire development need to meet the rent and income limits?

The LIRHPTE can be applied just to the units that provide affordable housing at the required rent and income limits. The rest of the property would not be exempt from property taxes.

Can the LIRHPTE continue if the property is sold?

Please see the FAQ about termination of a LIRHPTE prior to the end of the 20-year exemption period. If the property is owned by a non-profit entity, it is possible to sell the property to another non-profit that would maintain the affordability and then the exemption would continue to be fulfilled. If the property was built since 1990 and has a different ownership model, it could be sold to anyone who would maintain the affordability and continue to fulfill the exemption.

Can a LIRHPTE be renewed?

Yes. In the last year of the 20-year affordability period the owner can apply to renew the exemption for another 20 years. It is important to apply by Dec 1 of the calendar year before the exemption expires to avoid a lapse in the exemption (which would go into effect in July of the next year).

Can a LIRHPTE be terminated before the end of the 20-year exemption period?

Yes. If the conditions of the LIRHPTE are not met and maintained the exemption can be terminated. Termination would mean that all taxes that had been exempted will be required to be repaid back to Year 1 of the exemption. Even if a property was maintained as affordable housing in accordance with the LIRHPTE program for 19 years, any action that constitutes termination before the 20-year exemption period is complete would require back taxes to be paid back to Year 1.



Are there differences in LIRHPTEs for a non-profit public benefit (501c3) or religious corporation versus a for-profit organization or other ownership entity providing housing built after 1990?

Yes. For housing developments owned by non-profit organizations, all units in the development and common area to support the units, including an on-site manager unit, are exempt. If the housing is owned by a for-profit organization or other ownership entity (and built after 1990), only the units that are occupied by low-income households are exempt. A manager's unit, for example, would not be considered part of the property tax exemption.

What are the requirements after receiving a LIRHPTE?

Property owners are required to submit reports of their residents' incomes and rents every year of their 20-year LIRHPTE period by February 1. City of Eugene provides the forms to use for reporting. Owners must properly verify the incomes of residents and only allow households earning no more than 60% of area median income to move into the property. Property owners must maintain the properties in good condition according to the City of Eugene Rental Housing Code. The City may inspect the premises to ensure compliance. Failure to submit annual reporting, accurately verify income eligibility of residents, or maintain good housing condition could result in termination of the LIRHPTE.

What is the Eugene Code and Oregon Revised Statutes that LIRHPTE falls under?

The State of Oregon enabled the City's LIRHPTE program through Oregon Revised Statutes 307.515 – 307.523. The LIRHPTE program is in Eugene Code 2.937 – 2.940.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Presentation of Initiative Petition 2023-2 to Council

Meeting Date: October 25, 2023
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Katie LaSala
Contact Telephone Number: 541-682-5882

ISSUE STATEMENT

The purpose of this item is to present the certified initiative petition 2023-2 to Council for consideration pursuant to Eugene Code 2.980. Council may choose to take action at or after this work session.

BACKGROUND

A prospective initiative petition was filed with the City Recorder's Office on April 28, 2023, regarding a Eugene Charter amendment that would change the method for electing mayor and city councilors (Proposed charter amendment and the final ballot title included in Attachment A).

Chief Petitioners started collecting signatures on June 22, 2023. Per Eugene Code (E.C.) 2.974(d), the completed petition must be submitted to the City Recorder for signature verifications no later than 100 days after the date of the first signature on the petition. On October 2, 2023, the Chief Petitioners submitted their last batch of signatures for validation, meeting the deadline set out by code.

On October 17, 2023, the City Recorder's Office received notice from Lane County Elections, stating that the results of the statistical sample of signatures showed that the petition contained the required 9,689 valid signatures to refer the measure to the ballot (10,040.43 valid signatures estimated via sampling, see results in Attachment A).

On October 17, 2023, the City Recorder certified the completed initiative petition.

Based on the timing of certification, the next available regular election date is May 21, 2024, unless Council chooses to hold an earlier special election as outlined in E.C. 2.981(1)(b). A special election called by the council may not be held earlier than 66 days after the City Recorder's certification of the completed petition. Unlike a certified referendum petition, Council does not have the option to call a later special election for initiative petitions.

Per E.C. 2.980, no later than 20 days after the City Recorder's certification the City Manager must present the referendum petition to Council for consideration. The City Recorder certified the

referendum petition on October 17, 2023; therefore, the City Manager must present the petition to the Council no later than November 6, 2023. During this meeting, in accordance with EC 2.980, Council will be presented with the following options for discussion:

- Vote to urge adoption or defeat of the referred measure; or
- Order submission of an alternative measure or measures to be voted upon at the same election as the referred measure.

Next Steps

Council may choose to do nothing or may choose to take one of the actions listed above; either during the meeting or sometime thereafter. The next regular available election date for the initiative measure is May 21, 2024. Unless Council calls a special election in accordance with E.C. 2.981(1)(b) and ORS 221.230, the City Recorder will submit the referendum measure to Lane County Elections for the May 21, 2024, election. If Council does want to explore calling a special election before the May election, the City Recorder will need to return to Council at a later date with the requirements and parameters for doing so.

COUNCIL OPTIONS

- 1) Council may take no action; in which case the referred measure will appear on the ballot in May of 2024.

OR

- 2) Council may direct staff to schedule another work session to discuss options.

OR

- 3) Council may vote to urge adoption or defeat of the referred measure.

OR

- 4) Council may order submission of an alternative measure or measures to be voted upon at the same election as the referred measure.

POSSIBLE MOTIONS

- 1) [No action/motion; referred measure will appear on the ballot in May of 2024]

OR

- 2) Move to direct City Manager to schedule an additional work session for Council to discuss options.

OR

- 3) Move to urge [adoption *OR* defeat] of the referred measure.

OR

- 4) Move to direct City Manager to schedule an additional work session to develop an alternative measure for referral to the May 2024 ballot.

ATTACHMENTS

- A) October 18, 2023 Memo to Council - Update on Petition 2023-2 Signature Verifications (including the Proposed Charter Amendments, Final Ballot Title, and Results from Lane County Elections Statistical Sampling)

FOR MORE INFORMATION

Staff Contact: Katie LaSala, City Recorder
Telephone: 541-682-5882
Staff E-Mail: klasala@eugene-or.gov



Memorandum

Date: October 18, 2023

To: Mayor Vinis and City Council

From: Katie LaSala, City Recorder & Local Elections Official
541-682-5882

Subject: Update on Signature Verification Process for Initiative Petition 2023-2

This memo is to update you on the progress of Initiative Petition 2023-2, a Eugene Charter amendment to adopt the STAR voting system for electing mayor and city councilors.

The City Recorder's Office received notice from Lane County Elections on Tuesday October 17, 2023, stating that their statistical sample of signatures shows the petition **does** contain the required 9,689 valid signatures to refer the measure to the ballot (**10,040.43 valid signatures** estimated utilizing the statistical sampling methodology outlined in OAR 165-014-0110).

As the City of Eugene's local elections official, I certified initiative petition 2023-2 on October 17, 2023.

Per E.C. 2.980, no later than 20 days after my certification the City Manager must present the petition to Council for consideration. A work session related to petition 2023-2 is currently scheduled for Wednesday October 25, 2023.

As outlined in E.C. 2.980, at your October 25, 2023 work session you will be presented with the following options for discussion:

- Vote to urge adoption or defeat of the referred measure; or
- Order submission of an alternative measure or measures to be voted upon at the same election as the referred measure.

Based on the timing of certification, the next available regular election date is May 21, 2024, unless Council chooses to hold an earlier special election as outlined in E.C. 2.981(1)(b). A special election called by the Council may not be held earlier than 66 days after the City Recorder's certification of the completed petition. Unlike a certified referendum petition, Council does not have the option to call a later special election for initiative petitions.

More information will be provided at your October 25, 2023 work session.

Attachments:

Charter Amendment Proposal

Final Ballot Title for 2023-2

Lane County Elections – Letter and Signature Verification Worksheets

2024 Proposed Amendments to Eugene City Charter, Sections 20 and 24:

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

Section 20. Election.

(1) Immediately after the votes at any municipal election have been canvassed **and tallied as provided in subsection (4) of this Section**, the city manager or designee shall issue a certificate of election to each person declared by the canvassers to have been elected. The certificate shall be prima facie evidence of the facts therein stated, but the city council shall be the judge of the election and qualifications of the mayor and councilors, and in case of a contest between two or more persons claiming to be mayor or councilor, shall determine the contest.

(2) **Commencing January 1, 2026, election of municipal officers shall be conducted according to STAR Voting as described in subsections (3) and (4) of this Section. The election of such officers shall occur at a November general election or at any special election and shall not include a primary election.**

(3) A ballot shall be delivered to each registered elector, regardless of party affiliation.

(4) **Method of STAR Voting.**

(a) **The voting method described below is known as STAR Voting and shall be referred to by the name "STAR Voting."**

(b) **For each seat up for election by means of STAR Voting, votes shall be tallied using a two-round process which consists of a scoring round and an automatic runoff round. The scoring round shall calculate the sum total of the scores received by each candidate and determine the two candidates who received the greatest total scores. Those two candidates shall be the finalists and shall advance to the automatic runoff round, where the finalist preferred by more voters wins.**

(c) **Characteristics of the ballot:**

1. **The ballot shall specify the number of winners in each race, if the number is more than one.**

2. **The ballot shall provide each elector the option to score each candidate for an office from zero to five stars.**

3. **The scoring scale shall be labeled "worst" (0 stars) to "best" (5 stars).**

4. **Each elector may score each candidate for an office from zero to five, independently of how the elector scores any of the other candidates for the elected office. An elector may give the same score to multiple candidates in the same race.**

5. If the elector does not specify a score for a candidate, the score assigned is zero.

6. The ballot shall include instructions which convey the following information in clear and accessible language:

- Give your favorite(s) five stars.
- Give your last choice(s) zero stars.
- Score other candidates as desired.
- Equal scores indicate no preference.
- Candidates left blank receive zero stars.

7. The ballot shall include an explanation of how votes will be tallied as described under subsection (4) of this section in clear and accessible language such as the following:

STAR Voting races are tallied as follows: Scores given are totaled and the two highest scoring candidates overall advance as finalists to the automatic runoff. In the runoff, your vote goes to the finalist you scored higher. The finalist with the most votes wins.

(d) Vote tallying is conducted in two rounds:

1. Scoring round:

The vote tally system or counting board shall add the total scores given to each candidate from all ballots.

For each office, the two candidates who have the highest total scores shall be the finalists and advance to an automatic runoff round.

2. Automatic Runoff round:

Each elector's vote shall be considered cast in favor of the finalist to whom that elector gave the higher score. If an elector gave both finalists the same score, that elector's ballot will be considered a vote of "no preference" between the finalists.

The finalist in whose favor a greater number of votes are cast shall be the winner.

(e) If more than one seat is to be filled for a given office, the following STAR Voting multi-winner method shall be used:

The first winner, as determined pursuant to paragraphs (b) - (d) of this subsection, is removed from the calculations.

The two remaining candidates who have the highest total scores shall be the finalists for the second seat and shall advance to an automatic runoff round, which shall be conducted as specified in paragraph (d) of this subsection in order to determine the next winner.

This process of removing winners from the calculations, advancing the two highest-scoring remaining candidates to the runoff round, and determining the additional winner as

specified in paragraph (d) of this subsection shall be repeated as many times as necessary to fill the available seats.

(f) The winner of each automatic runoff shall be entitled to a certificate of election to office and shall be considered the person who received the highest number of votes cast for purposes of ORS 254.065.

(g) Ties in STAR Voting that affect the outcome of the election shall be resolved as follows:

1. A tie in the scoring round shall be determined in favor of the candidate or candidates who were preferred (scored higher) by more voters than any other of the tied candidates, if possible.

2. A tie in the automatic runoff round shall be determined in favor of the candidate with the highest overall score in the scoring round, if possible.

3. If the above methods do not resolve a tie, it may be resolved under rules adopted by the City Council not later than 60 days prior to the date of the election.

4. If a tie is not resolved by any of the above methods, the election shall be declared to be a tie and shall be resolved pursuant to ORS 254.575 or applicable local government law.

(h) The City Council shall, by ordinance, establish rules for the orderly administration of the election using STAR Voting.

Section 24. Vacancies - Filling.

(1) The Eugene Water & Electric Board shall fill a vacancy on the board by appointment within ninety days after the vacancy occurs.

(2) The council shall fill a vacancy in any other elective city office by appointment within ninety days after the vacancy occurs. A person so appointed shall hold office until the successor to the office is duly elected and qualifies therefor.

(3) If the position of a city councilor or mayor becomes vacant more than 100 calendar days prior to the [May] **November** election of any year, an election to fill that vacancy shall be conducted in the same year. If the position of city councilor or mayor becomes vacant less than 100 days prior to the [May] **November** election of any year, the election to fill that vacancy shall be conducted the next year. *[If a candidate for election to a vacated position achieves a majority of all votes cast for that position in the May election, that candidate shall assume office the following July 1, notwithstanding Section 21 of this charter.]* The term of office of any person elected to fill a vacancy shall expire when the term of the vacated position expires.

(4) Notwithstanding subsection (3), if the election required by this Section 24 would occur in the fourth year of the term of the vacated position, then no election to fill the vacancy will be held. Instead, the individual appointed under subsection (2) will remain in office through the expiration of the term of the vacated position.



Ballot Title

Caption: Amends Charter, changes method for electing mayor and city councilors.

Question: Shall Charter be amended to eliminate primary elections for mayor and councilors and elect them using the STAR Voting method?

Summary: This Charter amendment replaces the current method of electing mayor and councilors with the STAR Voting method.

Currently, all mayoral and councilor candidates are voted on in a May primary election; if a candidate receives more than 50% of the votes, the candidate runs unopposed in the November general election. If no candidate receives more than 50% of the votes, the top two candidates run against each other in November general election.

This Charter amendment adopts the STAR Voting method, an election process where: 1) all candidates are voted on at November general or special election; 2) voters score each candidate on a scale of zero to five, multiple candidates can have same score (no score equals zero); 3) scores are totaled for each candidate; 4) “finalists” are the two candidates with highest total scores; 5) finalist preferred by the most voters is elected to office.

This amendment requires City to include information about the STAR Voting method on the ballot and Council to adopt an ordinance to administer elections using STAR Voting.

Office of the County Clerk Elections Division



October 17, 2023

Katie LaSala
City Recorder
City of Eugene

KLaSala@eugene-or.gov

Dear Ms. LaSala,

My office has concluded its verification of the signatures from the STAR Voting for Eugene Petition and determined that the petition has enough signatures to be sufficient.

Attached to the email that accompanies this letter you will find multiple pages of reports from the Statewide Voter Registration System and Official Submission Worksheets. For your convenience, I've provided a brief overview of the documentation below.

The first sample of submission 1 was found to be insufficient resulting in an additional sampling of that submission. The outcome of the two separate samples for submittal are included on the Sub F Worksheet, and details about the number of signatures in the sample, and the number of valid signatures, are included in the PM-007 Report for Submittal 1. Combined and attached as Sub F.

The Chief Petitioners subsequently filed 3 additional submissions, all 3 of those additional submissions have been combined on the Sub S Worksheet, and the details about the number of signatures in the samples, and the number of valid signatures, are included in the PM-007 Report for Submittals 2, 3, and 4. Combined and attached as Sub S.

You will notice that on occasion an additional sample was generated for a submittal, this was to include additional signatures in the sample, ensuring that at least 10% or 100 signatures were sampled. I have handwritten notes on the PM-007 reports in hopes of clearing up any questions. Also attached is the PM-002, which includes details related to duplicate signers, and a PM-014, documenting that all signatures in the submittal have been processed.

After consulting with the Lane County Office of Legal Counsel, and the Secretary of State's Office, I can confirm that the County's position is that there is no mechanism that will allow for the curing of rejected signatures.

Finally, please advise the Chief Petitioners that they may email our office at elections@lanecountyor.gov to find out more about obtaining publicly available petition reports.

Please let me know if I can provide anything additional on this matter.

Best Regards,



Dena Dawson, CERA, CCC
Lane County Clerk

OFFICE OF THE COUNTY CLERK / ELECTIONS DIVISION

275 W 10th Ave / Eugene OR 97401-3008 / (541) 682-4234 / Fax (541) 682-2303 elections@lanecountyor.gov
/ lanecounty.org/elections

9 a.m.-Noon and 1-4 p.m. Monday-Friday / 7 a.m.-8 p.m. on Election Day

Submission F

2				
4	Required Number	R	9,689	
5	Stage 1: Verify First Sample from Submission F			
6	Date		9/7/2023	
7	Description	Notation	Number	% of Sub F
8	Submission F size	N _F	9,736	100.00%
9	Sample F1			
10	Sample size	n _F	999	10.26%
11	# valid signatures	y _{F1}	744	
12	Electors with multiple signatures			
13	# pairs	FF ₁	5	
14	# triplicates	FFF ₁	0	
16	Equations			
17	Expansion factor	F _{F1} = N _{F1} /n _{F1}	9.7457	
18	# valid signatures	Y _{F1} = F _{F1} *y _{F1}	7,250.83	74.47%
19	# multiple signatures	D _{F1} = See Equations	474.90	4.88%
20	# valid signatures in Sample F1	M _{F1} = Y _{F1} - D _{F1}	6,775.94	69.60%
21	Margin of Error (95% confidence level)	MOE = See Equations	391.28	4.02%
23	Lower confidence limit for M	M _L = M _{F1} - MOE	6,384.66	65.58%
24	Is M _L >= required number:	9,689	No	-3,351.34
26	Stage 2: Verify Second Sample from Submission F			
27	Date		9/10/2023	
28	Description	Notation	Number	% of Sub F
29	Sample F2			
30	Sample size	n _{F2}	1,001	10.28%
31	# valid signatures	y _{F2}	772	
32	Electors with multiple signatures			
33	# pairs	FF ₂	3	
34	# triplicates	FFF ₂	0	
36	Sample F (combined sample)			
37	Sample size	n _F = n _{F1} + n _{F2}	2,000	20.54%
38	# valid signatures	y _F = y _{F1} + y _{F2}	1,516	
39	Electors with multiple signatures			
40	#pairs	e _{F2} = FF ₁ + FF ₂	8	
41	#triplicates	e _{F3} = FFF ₁ + FFF ₂	0	
43	Equations			
44	Expansion factor	F _F = N _F /n _F	4.8680	
45	# valid signatures	Y _F = F _F *y _F	7,379.89	75.80%
46	# multiple signatures in Submission F	D _F = See Equations	189.58	1.95%
47	# electors signing Submission F	M _F = Y _F - D _F	7,190.31	73.85%
48	Is M _F >= required number:	9,689	No	-2,498.69

Submission S

2				
4	Required Number	R	9,689	
5	Stage 2 Description	Notation	Number	
6	Submission F size	N _F	9,736	100.00%
7	Expansion factor F	F _F	4.8680	
8	# valid signatures in Submission F	Y _F	7,379.89	75.80%
9	# multiple signatures in Submission F	D _F	189.58	1.95%
10	# electors signing Submission F	M _F	7,190.31	73.85%
12	Stage 3: Verify Sample from Submission S			
13	Date		10/2/2023	
14	Description	Notation	Number	% Sub S
15	Submission S size	N _S	4,601	100.00%
16	Sample S			
17	Sample size	n _s	493	10.72%
18	# valid signatures	y _s	391	
19	Electors with multiple signatures			
20	# pairs	FS (e _{FS11})	8	
21		SS (e _{FS02})	5	
23	# triplicates	FSS (e _{FS12})	0	
24		SSS (e _{FS03})	0	
25		FFS (e _{FS21})	0	
27	Equations			
28	Expansion factor	F _S = N _S /n _s	9.3327	
29	# valid signatures	Y _S = F _S *y _s	3,649.07	79.31%
30	# multiple signatures in Submission F	D _F = See Equations	189.58	4.12%
31	# multiple signatures in Submission S	D _S = See Equations	435.49	9.47%
32	# multiple signatures from Submission F or S	D _{FS} = See Equations	363.45	7.90%
34	Combined Submissions	Notation	Number	% of Sub F & S
35	# of signatures in Submissions F & S	N = N _F + N _S	14,337.00	100.00%
36	# electors signing Submission F or S	Y = Y _F + Y _S	11,028.96	76.93%
37	Total # multiple signatures from Submission F & S	D = D _F + D _S + D _{FS}	988.52	6.89%
39	# electors signing Submission F or S	M = Y - D	10,040.43	70.03%
40	Is M >= the required number of signatures:	9,689	Yes	351.43