



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

April 12, 2017

12:00 p.m. CITY COUNCIL WORK SESSION
Board of County Commissioners Conference Room
125 East 8th Avenue
Eugene, Oregon 97401

Meeting of April 12, 2017;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Alan Zelenka, President
Emily Semple
Claire Syrett

Mike Clark, Vice President
Greg Evans
Chris Pryor
Betty Taylor

12:00 p.m. CITY COUNCIL WORK SESSION
Board of County Commissioners Conference Room, 125 East 8th Avenue

A. WORK SESSION

Local Options for Inclusionary Zoning and Housing Trust Fund
in Support of Affordable Housing

B. Committee Reports and Items of Interest from Mayor, City Council
and City Manager

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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EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Local Options for Inclusionary Zoning and Housing Trust Fund in Support of Affordable Housing

Meeting Date: April 12, 2017
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: A
Staff Contact: Stephanie Jennings
Contact Telephone Number: (541)682-5529

ISSUE STATEMENT

City Council requested a work session to discuss the local opportunities to support affordable housing enacted through SB 1533 by the State of Oregon. In this exploratory session, staff will review the enabling legislation as well as information about inclusionary zoning programs and housing trust funds adopted by other local jurisdictions.

BACKGROUND

Residents of communities throughout Oregon are experiencing housing challenges related to affordability, quality, and stability. 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 has enabled two new tools for local jurisdictions to increase the availability of affordable housing. The first tool is a limited form of inclusionary zoning, which allows jurisdictions to require inclusion of affordable units in multifamily structures with 20 or more units. The second tool is the ability to create local affordable housing trust funds through a construction excise tax.

Multiple local, state, and national trends have resulted in increased challenges for households who rent their homes. There have been multiple shifts in the supply of rental units as well the population that rents their housing. This summary briefly reviews key factors as well as related City guidance and programs. Options for expanding existing programs or creating new programs and policies will be presented during the work session.

Inclusionary Zoning

Inclusionary zoning is a policy typically implemented at the local level to incorporate units affordable to low or moderate-income households as a part of a market rate development. While hundreds of inclusionary zoning policies have been adopted by local jurisdictions across the country, they vary significantly in their scope, focus, and impact. Given that the success of inclusionary zoning programs are dependent on the actions of private developers, programs are typically calibrated to local conditions for market rate development.

SB 1533 enables Oregon jurisdictions to adopt a limited form of inclusionary zoning in their communities. The most significant restrictions are as follows:

- Building Type – Only multifamily structures that contain 20 or more units may be required to include affordable units.
- Affordability - Local jurisdictions may require up to 20 percent of units in structures be affordable to households earning 80% of Area Median Income and above.
- Incentives – Developers must be offered incentives to partially offset the cost of including affordable units.
- Fee in Lieu – Developers must be offered the option to pay a fee in lieu of including units in their development. These fees may be used to subsidize affordable housing development.

The City of Portland adopted an inclusionary zoning program in December 2016 following an extensive analysis of market conditions and community process. At this time, Portland is the sole jurisdiction in Oregon that has adopted an inclusionary zoning program.

Affordable Housing Trust Fund

Hundreds of communities across the nation have created local affordable housing trust funds to support a range of local affordable housing projects and programs. Jurisdictions with trust funds typically create one or more mechanisms to generate a stream of funding. The most common ongoing source are various types of developer fees. In addition, many trust funds are also supported with one-time dedication of resources. Most funds are administered by jurisdiction and allow affordable housing developers to apply for funds for specific projects. These resources augment declining federal resources received by local jurisdictions and offer greater flexibility.

SB 1533 enables Oregon jurisdictions to create local affordable housing trust funds through adoption of a construction excise tax on the value of permitted improvements. Jurisdictions may require up to a one percent fee on the permit value of residential construction. There is no limitation on the percentage a jurisdiction may require for commercial or industrial construction at this time.

There are multiple jurisdictions in Oregon that have taken advantage of this legislation to adopt local construction excise taxes to support affordable housing trust funds. At this time, the municipalities of Portland and Corvallis have adopted local construction excise taxes. The County of Hood River has drafted an ordinance and is scheduled to take action in April.

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. In addition, multiple task forces over time have recommended the creation of a local housing trust fund with a dedicated source of revenue. 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 as a priority population and includes five specific strategies for expanding affordable housing options and access for people with limited incomes. At this time, the two primary federal resources received by the City are at risk of significant reduction or elimination.

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.

Eugene City Code

The Eugene City Code includes multiple sections with provisions related to affordable housing including the System Development Charge Grant program and the Low Income Rental Housing Property Tax Exemption.

COUNCIL OPTIONS

Council options are as follows:

1. Provide direction to staff for next steps for exploration of an inclusionary zoning program and/or a construction excise tax.
2. Take no further action.

CITY MANAGER’S RECOMMENDATION

No recommendation at this time.

SUGGESTED MOTION

No motion applicable.

ATTACHMENTS

Not applicable.

FOR MORE INFORMATION

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