



Eugene City Council

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EUGENE CITY COUNCIL AGENDA AMENDED

April 12, 2023

12:00 p.m. CITY COUNCIL WORK SESSION and MEETING OF THE URBAN RENEWAL AGENCY

City Council meetings will continue to be held in hybrid format using in-person and 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 the continuation of the April 10, 2023 Urban Renewal Agency Meeting.

Meeting of April 12, 2023; Her Honor Mayor Lucy Vinis Presiding

Councilors

Randy Groves, President
Alan Zelenka
Greg Evans
Emily Semple

Matt Keating, Vice President
Jennifer Yeh
Mike Clark
Lyndsie Leech

12:00 p.m. CITY COUNCIL WORK SESSION and MEETING OF THE URBAN RENEWAL AGENCY

1. **WORK SESSION and POSSIBLE ACTION: Proposed Downtown Urban Renewal Amendment**
2. **WORK SESSION and POSSIBLE ACTION: Revenue Team**

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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April 12, 2023 Work Session

URBAN RENEWAL AGENCY BOARD

AGENDA ITEM SUMMARY



Work Session: Proposed Downtown Urban Renewal Amendment

Meeting Date: April 12, 2023
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Amanda D'Souza
Contact Telephone Number: 541-682-5540

ISSUE STATEMENT

On January 25, 2023, the Urban Renewal Agency Board directed staff to draft a proposal to amend the Downtown Urban Renewal Plan to expand the District's financial capacity and add language to the Plan to allow urban renewal funds to be used for additional eligible projects. This work session is an opportunity for the Agency Board to review and comment on the proposed Plan amendment and to consider initiating the Plan amendment process. (See Attachment A for the draft proposed Plan amendment and Attachment B for the draft Report on the proposed Plan amendment.)

BACKGROUND

In response to a Council poll, Council considered the future of the Downtown Urban Renewal District at its June 13, 2022 work session. Council discussed the status of the District, ongoing projects, the plan amendment process, and the fiscal implications for extending the life of the District or ceasing collection of tax increment funds. At that work session, Council directed staff to identify projects that could potentially be funded with Urban Renewal dollars by creating a list of projects and priorities within the Downtown Urban Renewal Area that are consistent with the [Eugene Downtown Plan](#). Consistent with this direction, staff conducted a robust community outreach effort built on downtown outreach conducted over the past few years and created a list of Downtown Priorities and Projects based on the input received (Attachment C). The Agency Board discussed the Downtown Priorities and Projects at the January 25, 2023 work session.

The list of Downtown Priorities and Projects consists of six categories: Housing, Public Safety, Social Services, Commercial Activity & Development, Public Spaces & Mobility, and Events & Culture. There are priorities listed within each category, and possible projects and programs listed under each priority.

At the January 25 work session, the Agency Board also discussed the future of the Downtown Urban Renewal District. The Downtown Urban Renewal District will reach its spending limit (i.e., maximum indebtedness) in December 2023, meaning the District will cease its division of tax and the collection of tax increment funds at that time. If the Agency wishes to continue to collect tax increment revenue in the Downtown District, Council must approve an amendment to the Downtown Urban Renewal Plan by June 2023. This would allow time for the amendment to be placed on the November ballot, if referred. At the January 25 work session, the Agency Board

provided direction to draft a proposal to amend the Downtown Urban Renewal Plan to expand the District's financial capacity and to add language to allow urban renewal funds to be used for additional eligible projects.

Proposed Downtown Urban Renewal Plan Amendment

The Downtown District's approaching end of the division of tax catalyzed the Downtown Priorities and Projects public engagement effort. Through that effort, staff identified key actions to address the challenges facing Eugene's downtown and identified which of those actions could be funded with urban renewal funds. Those actions served as the foundation for the proposed Plan amendment. Attachment A provides the proposed Downtown Urban Renewal Plan amendment and Attachment B provides a draft Report on the Plan amendment, that describes, among other things, the financial impact of the Plan amendment.

The proposed Plan amendment includes information on three possible spending scenarios, each of which would result in a different incremental increase to maximum indebtedness (and a different estimated lifespan of the District):

- **Scenario A** would raise the maximum indebtedness by \$30 million, which is estimated to extend the District's collection of tax increment revenue by 11 years.
- **Scenario B** would raise the maximum indebtedness by \$40 million, which is estimated to extend the District's collection of tax increment revenue by 15 years.
- **Scenario C** would raise the maximum indebtedness by \$50 million, which is estimated to extend the District's collection of tax increment revenue by 19 years.

Adopting a "maximum indebtedness" figure does not authorize or obligate the District to issue bonds or pay for specific projects. Rather, it sets a spending limit for the District and allows the current and future Agency Boards the ability to fund projects over time, either with cash or by issuing bonds. The Agency Board can choose to move forward with an alternative spending scenario instead of the three proposed above.

The proposed 2023 Downtown Urban Renewal Plan amendment includes three focus areas of eligible projects:

- Housing;
- Physical Improvements to Increase Safety and Comfort; and
- Emerging Projects Directed/Initiated by the Agency Board.

Information about each focus area of projects is provided in the proposed Plan amendment and draft Report. Based on Council/Agency Board discussion and feedback from the community, the majority of funds are proposed to be allocated to support the creation of new housing. The actual project allocations would depend on future Agency Board budgetary action and project implementation.

The proposed Plan amendment adapts the approach used in the Riverfront Urban Renewal Plan: The Plan includes project focus areas, which outline eligible activities and will turn into projects as the Plan is implemented. This allows the Agency Board to establish spending parameters in the Plan, while maintaining some flexibility and responsiveness to evolving needs during implementation.

Implementation and Accountability

Attachment D outlines what implementation would look like for each of the project focus areas should Council choose to amend the Downtown Urban Renewal Plan as proposed. Agency Board direction would be needed in order for any large projects to move forward. Should the Plan be amended in accordance with this proposal, implementation for each project focus areas would generally include:

- Housing: Agency Board direction needed to establish an incentive program or specific development project. Agency Board direction required for all projects involving property transfers.
- Physical Improvements to Increase Safety and Comfort: Agency Board direction needed for any projects over \$250,000 to move forward. (The Riverfront District has had the same threshold for Agency Board direction.)
- Emerging Projects; Agency Board direction needed before any program or project moves forward.

Should the Plan be amended, staff anticipates bringing projects for Agency Board consideration in the fall. See Attachment D for more detailed summaries of implementation strategies.

In addition to the multiple actions that the Agency Board would need to take in future years to implement the plan as proposed, the Expenditure Review Panel (ERP) plays an important, ongoing role in the Downtown District, providing community oversight to Downtown Urban Renewal operations.

The proposed Plan amendment does not include any boundary changes to the Downtown District at this time. Staff recommends exploring boundary expansion options after this amendment process is completed, if desired by the Agency Board. This will allow the Agency Board time to preserve its expansion capacity and strategically consider areas for District expansion that align with goals for Downtown.

Downtown Urban Renewal District - Fiscal Implications

The Downtown District generates approximately \$2.6 million in tax increment revenue per year as of FY22. The impact to City finances depends on the path ultimately chosen by the Agency Board:

- **Continue the Downtown Urban Renewal Plan.** The \$2.6 million in annual revenue will continue to grow and be directed to the District to be used on eligible capital projects.
- **Discontinue Downtown District's collection of tax increment revenue.** If the District no longer collects revenue from the division of tax, the tax increment revenue will be directed to the overlapping taxing districts. Under this scenario, the City's General Fund would receive approximately 50% of what the Downtown District collects (\$1.3 million dollars per year as of FY22). Lane County would receive approximately 9% (\$235,000 per year as of FY22). Approximately 34% (\$880,000) would be collected on behalf of School District 4J, although it is important to note that the impact to 4J's overall budget would be negative. This is due to State funding mechanisms for education and local properties that are in 'compression' related to State laws regarding property tax limits. If the Downtown Urban Renewal District ceases to collect tax increment revenue, the *net impact to School District 4J would be an estimated decrease of \$150,000 per year.*

Other Downtown Updates

Several City departments have been working to address the downtown priorities identified through public outreach in the fall of 2022:

- The proposed City biennial budget includes funding for increased cleaning and beautification and a rapid response team.
- Cultural Services continues to support downtown programming, including launching the Farmers Market Pavilion as a venue for community events, in addition to hosting the Lane County Farmers Market year-round.
- Eugene Police have rolled out a new team of volunteers to provide a safety presence downtown. The team will patrol downtown on foot, educate people about our downtown rules, de-escalate situations, and report violations and unsafe behaviors to Police.
- The proposed City biennial budget includes funding for an Incident Commander focused on downtown cleanliness and safety. This position will focus on the development of resources to quickly respond to safety and cleanliness concerns as they arise.
- Community Development is working with Downtown Eugene Incorporated to bolster their efforts to support a clean and safe downtown.

In addition, due diligence is ongoing at the future City Hall site and transition planning is focused on at least two phases. Phase one will include renovations to spaces where the public will be received, including Council Chambers and Work Session rooms. As part of the transition planning, staff will provide recommendations for the area near Olive and 10th Avenue and the Park Blocks.

Timing and Next Steps

To keep Downtown Urban Renewal as a possible funding option, the Agency Board would need to send a draft amendment out for public input (initiate the amendment process) at this work session in order to have a Plan amendment in place in time to retain the current level of tax increment revenues. (See Attachment E for more information on the amendment process.) If the Agency Board chooses to initiate the plan amendment process, next steps would be:

- *Seek concurrence from overlapping taxing districts, Planning Commission review, City Council Public Hearing, and notify the general public (estimated April and May 2023).*
- *Work Session (estimated June 2023):* Council reviews recommendations and public comments. Staff presents a further refined proposed plan amendment and report for Council consideration.
- *Work Session/Action (no later than June 24, 2023):* Council makes final decision on whether to amend the Downtown Urban Renewal Plan.

RELATED CITY POLICIES

Climate Action Plan (CAP) 2.0

CAP 2.0 includes multiple strategies that support the development of downtown and increase of compact housing in the downtown. Smaller homes tend to have a smaller carbon footprint during construction and use, and housing units built close to transit, jobs, and other amenities allow residents to access the community using fewer trips.

Eugene Downtown Plan

- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Emphasize Broadway, Willamette Street, 5th and 8th Avenues as Great Streets through public improvements and development guidelines. Include portions of these streets as follows:
 - 8th Avenue between Willamette Street and the Willamette River.
- Enhance public places throughout downtown through the careful design of civic buildings, streetscapes, parks and plazas. Include public art and other elements to create special places for all ages.
- Connect special places downtown with enhanced street designs, public art, directional signs, transit routes and historic markers to create an inviting and memorable route through downtown.
- Support public safety activities that increase visibility, access actual and perceived safety for individuals and property downtown.
- Enhance functional designs for streets, sidewalks and related public improvements with carefully chosen design elements, including materials, alignments, plantings and streetscape elements.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.

Housing Implementation Pipeline (HIP)

Encouraging compact development in the downtown core is one critical way to provide housing for our growing community. Increasing the number of housing units in the downtown core achieves other policy goals related to climate recovery and resiliency, compact development transportation efficiency, downtown vibrancy and fiscal sustainability. A target goal in the HIP is to increase the amount of housing downtown by 50% from 2021: an increase of over 1,000 units.

Envision Eugene Pillars

- Provide ample economic opportunities for all community members.
- Promote compact urban development and efficient transportation options.
- Protect, repair and enhance neighborhood livability.
- Provide for adaptable, flexible and collaborative implementation.

PREVIOUS COUNCIL DIRECTION

June 13, 2016, Work Session

City Council passed two motions and approved Ordinance 20564 to amend the Downtown Urban Renewal Plan to increase the spending limit, expanded on a previously approved project, and authorized several new projects. The previously approved project was the improvements to the Lane County Farmers Market which was expanded to include improvements to parks and plazas throughout the Plan Area. The new projects were High-Speed Fiber for the implementation costs within the District and 1059 Willamette Redevelopment.

(Both motions passed 5:3)

November 23, 2020, Work Session

City Council approved Ordinance 20644 to amend the Downtown Urban Renewal Plan to remove the spending cap on the Farmers Market Improvements, making it eligible for a larger share of tax increment revenue funding. This amendment did not change the overall spending limit for the District.

(Motion passed 8:0)

June 13, 2022 Work Session

City Council directed the City Manager to create a Downtown Action Plan that is consistent with the Eugene Downtown Plan, to identify projects that could potentially be funded with Urban Renewal.

(Motion passed 8:0)

January 25, 2023 Work Session

Move to direct the Agency Director to draft a proposal to amend the Downtown Urban Renewal Plan to expand the District's financial capacity and add language to allow urban renewal funds to be used for additional eligible projects, and further direct the Agency Director to schedule a work session to allow the Board to review and comment on that proposal.

(Motion passed 8:0)

AGENCY BOARD OPTIONS

1. Initiate the Plan amendment process to continue to explore the use of urban renewal funds on projects within the Downtown District and to seek feedback on spending scenario [A, B or C].
2. Initiate the Plan amendment process to continue to explore the use of urban renewal funds on projects within the Downtown District and to seek feedback on a modified spending scenario.
3. Take no action at this time.

AGENCY DIRECTOR'S RECOMMENDATION

If the Agency Board wants to continue exploring the use of urban renewal funds in the Downtown area, the Agency Director recommends initiating the Plan amendment process and selecting the spending scenario that best addresses the Board's desired goals for Downtown with final decisions by the Agency Board after public input.

SUGGESTED MOTION

Move to direct the Agency Director to begin the process of amending the Downtown Urban Renewal Plan *using spending scenario*_____ [A, B, or C], consistent with the draft Plan and Report included in Attachments A and B.

ATTACHMENTS

- A. Draft Proposed 2023 Downtown Urban Renewal Plan Amendment
- B. Draft Report on the Downtown Urban Renewal Plan
- C. Downtown Priorities and Projects

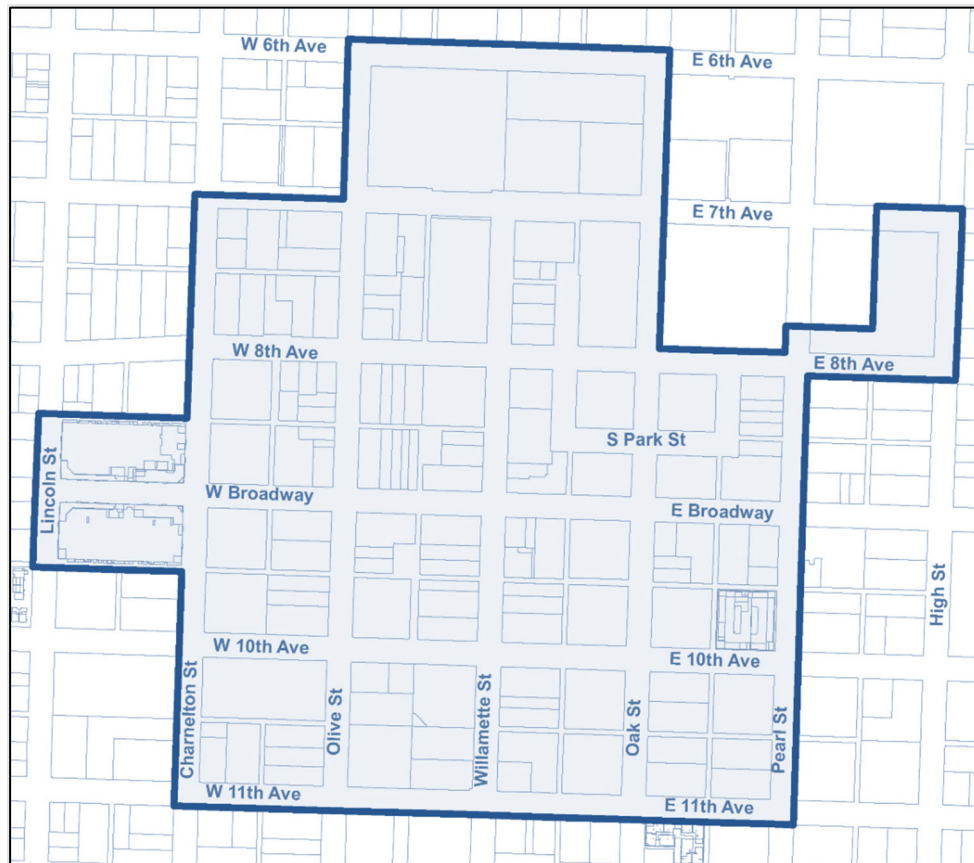
- D. Preliminary Project Implementation Information
- E. Downtown Urban Renewal District - Technical Details

FOR MORE INFORMATION

Staff Contact: Amanda D'Souza, Development Programs Manager
Telephone: 541-682-5540
Staff E-Mail: adsouza@eugene-or.gov

Draft Downtown Urban Renewal Plan 2023 Amendment

Draft Urban Renewal Plan for the Downtown Urban Renewal District



Adopted July 1968

- Modified -

December 1968

December 1989

June 1998

September 13, 2004

May 24, 2010

June 13, 2016

November 23, 2020

Amended ____, 2023 by Ordinance No. ____

Urban Renewal Agency of the City of Eugene, Oregon



URBAN RENEWAL PLAN FOR THE DOWNTOWN URBAN RENEWAL DISTRICT

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I. ADOPTION

Resolution Number	Date	Purpose
Resolution No. 257	7/3/1968	Adoption of the Urban Renewal Plan for the Central Eugene Project (the Plan).

II. AMENDMENTS

Amendment Number	Date	Purpose
Resolution No. 1609	12/19/1968	<ul style="list-style-type: none"> ○ Modified the Plan to allow for additional projects as required by HUD to receive additional federal funds.
Ordinance No. 19648	11/8/1989	<ul style="list-style-type: none"> ○ Aligned the Plan with Metro Plan policies: strengthen the area's position as a regional service center, maintain the Eugene central business district as a vital center, incorporate principles of compact urban growth, encourage retail and commercial development in the downtown area, and promote the development of parking structures in the downtown core. ○ Expiration set for FY10.
Ordinance No. 20120	6/1/1998	<ul style="list-style-type: none"> ○ Responded to Measure 50 to a) include a maximum amount of indebtedness and b) select Option 1 for the city-wide special levy as the method for collecting ad valorem property taxes for payment of debts related to urban renewal projects. ○ Limited expenditure of new funds to completing existing projects and construction of a new main library. ○ Removed the business assistance loan program. ○ Approved a plan to reduce district administration costs over the following three years.
Ordinance No. 20328	9/13/2004	<ul style="list-style-type: none"> ○ Expanded the projects for which tax increment funds could be used ○ Created a public advisory committee ○ Added the requirement for specific Agency approval of projects greater than \$250,000 (other than loans), and adding a limit of \$100,000 on the mandate for a public hearing in the event of a plan change (applies to minor amendments that can be approved by the URA without ORS 457.095 approval – Section 1200, C of the 2004 Plan). ○ Added the Downtown Revitalization Loan Program (DRLP). ○ Expiration set for 2024.
Ordinance No. 20459	5/24/2010	<ul style="list-style-type: none"> ○ Limited scope of two previously approved projects, removed the ability to initiate all other previously approved projects, and authorized one new project expenditure of new funds to completing existing projects and construction of a new library. ○ Except for the three projects and existing projects previously approved no initiation of additional projects. ○ Expiration upon the repayment or defeasance of debt related to the urban renewal projects specifically identified in the Plan.

Ordinance No. 20564	6/13/2016	<ul style="list-style-type: none"> ○ Increased maximum indebtedness by \$19.4 million to a total of \$66 million to fund the following projects: <ul style="list-style-type: none"> ○ Park Blocks and Open Space Improvements ○ Lane Community College Old LCC Building ○ Improved Space for Farmers' Market ○ High-Speed Fiber Network Downtown ○ Required additional public process, including community engagement and a public hearing, before the Agency Board can approve spending tax increment funds on any of the four previously listed projects ○ Expanded the Plan boundary by 7% to include the East Park Block and a portion of the former City Hall Block ○ Continued annual review of tax increment projects by the Expenditure Review Panel
Ordinance No. 20644	11/24/2020	<ul style="list-style-type: none"> ○ Remove spending cap on Farmers Market

URBAN RENEWAL PLAN FOR THE DOWNTOWN URBAN RENEWAL DISTRICT

[Throughout this draft Plan, a range of spending scenarios will be used with different increases to maximum indebtedness: A = \$30 million, B = \$40 million, C = \$50 million.]

Section 100 – Introduction

The Downtown Urban Renewal Plan was revised in 2023 to authorize several new projects.

The projects address the challenges that face the downtown core, as identified through a robust community outreach effort in fall of 2022, known as Downtown Priorities and Projects. The Downtown Priorities and Projects effort led to recommended improvements for Eugene’s downtown (which includes the Plan Area) in six categories: Housing; Public Safety; Social Services; Commercial Activity and Development; Public Spaces and Mobility; and Events and Culture.

The new projects are discussed in more detail under Section 600 of the Plan and include “Housing,” “Physical Improvements to Address Safety and Comfort” and “Emerging Projects Directed/Initiated by the Agency Board.” Eligible activities associated with two previously approved projects is “Public Parks, Public Plazas, Public Rest Rooms, Public Open Spaces, and Streets and “1059 Willamette” remain eligible under this Plan. The 2023 Amendment increased the maximum indebtedness from \$66 million to _____ [A = \$96 million, B = \$106 million, C = \$116 million], to allow for the addition of new projects to the Plan.

The Downtown Urban Renewal District will cease collecting tax increment dollars and return any unused tax increment funds to Lane County for redistribution to overlapping taxing districts as provided in Section 1300 A of this plan.

Section 200 – Definitions

The following definitions will govern this Plan.

1059 Willamette means the planned redevelopment of the City-owned property at 1059 Willamette Street in the Plan Area. The City acquired the property for the development of a mixed-income housing project. The Agency Board allocated \$700,000 for the approved housing project in October 2021. The project was previously referred to as “Old LCC Building” in the 2016 and 2020 Amendments.

2016 Amendment means the update to the Plan that was completed in 2016.

2020 Amendment means the update to the Plan that was completed in 2020.

2023 Amendment means the update to the Plan that was completed in 2023.

Agency means the Urban Renewal Agency of the City of Eugene.

Development Fee Assistance means the payment of development fees for development that results in creation of new housing in the Plan Area.

Downtown Plan means the Eugene Downtown Plan as adopted by the Eugene City Council in 2004 as a refinement of the Eugene Springfield Metropolitan Area General Plan.

Plan means this Urban Renewal Plan for the Downtown District.

Plan Area means the property included in the Downtown Urban Renewal District as more fully described in Section 300.

Projects means only the urban renewal projects that are listed in Section 600 of the Plan, as amended by the 2023 Amendment.

Tax Increment Financing means a method of financing urban renewal projects as authorized by ORS Chapter 457.

Willamette to Willamette Initiative means the collection of projects focusing on infrastructure and activity along 8th Avenue between the Willamette River and Willamette Street.

Section 300 – Legal Description

The Downtown Urban Renewal District includes an area of approximately 75 acres. The Plan Area includes all of the land within the boundaries designated on the map attached as Plan Exhibit A and described as containing all lots or parcels of property situated in the City of Eugene, County of Lane, State of Oregon, bounded generally as described in Plan Exhibit B.

Section 400 – Goals and Objectives

A. GOALS

The goals of the Plan are to:

1. Improve the function, condition, and appearance of the Plan Area by:
 - a. Supporting the creation of a mix of new housing in the downtown core, including but not limited to redevelopment of 1059 Willamette Street, which will bring more people and positive activity into the Plan Area, thereby making the entire Plan Area more attractive for all downtown users.
 - b. Supporting commercial development by altering and repurposing of buildings to create the physical conditions that will help businesses thrive.
 - c. Making physical improvements to parks, plazas, open space, sidewalks, and streets to provide an inviting civic space aligned with the Willamette to Willamette Initiative to provide inviting and accessible connections between the parks, plazas and open space, and to address public safety concerns in the Plan Area
2. Eliminate blight and blighting influences;
3. Strengthen the economic conditions of the Plan Area; and
4. Enhance downtown's role as the regional economic, governmental, and cultural center and a central location for public and private development and investment.

B. OBJECTIVES

Development in the Plan Area is intended to implement the adopted policies contained in the Downtown Plan and to develop downtown as the heart of a livable, economically strong, and sustainable city. The objectives for this Downtown Urban Renewal Plan are:

1. Address barriers that prevent the creation of new housing in downtown by helping make projects financially feasible. The creation of new housing in the Plan Area will:
 - a. Contribute to downtown vitality;
 - b. Help alleviate the undersupply of housing in Eugene; and
 - c. Support the City's climate action goals.
2. Improve public spaces in the Plan Area in order to make downtown a safe, accessible, and welcoming place for all users. These public improvements will:
 - a. Address public safety concerns by improving the physical environment;
 - b. Improve the human experience downtown;
 - c. Address bicycle and pedestrian needs integral to development within the Plan Area;
 - d. Support programming in public spaces by providing infrastructure;
 - e. Improve multi-modal transportation circulation to and through the Plan Area; and
 - f. Ensure downtown remains a gathering space for all community members.
3. Strengthen downtown's commercial environment by:
 - a. Investing in vacant or underutilized spaces to increase marketability and flexibility; and
 - b. Providing financial assistance for new and growing businesses.

Section 500 – Land Use Plan

The use and development of all land within the Plan Area shall comply with the regulations prescribed in the City's comprehensive plan, land use regulations, City charter, and any other applicable local, State, or Federal laws regulating the use of property within an urban renewal area.

Section 600 – Urban Renewal Projects

To achieve the objectives of this Plan, the Agency may incur indebtedness to finance the following urban renewal projects, and may pay that indebtedness with tax increment funds:

A. HOUSING

The Agency is authorized to support the creation of housing in the Plan Area through the following activities:

A-1. Development Fee Assistance

The Agency may use tax increment funds to pay development fees for development that results in the creation of new housing in the Plan Area. Development fees paid by the Agency may include System Development Charges, permit fees, and other government-imposed fees. The Agency Board will establish eligibility criteria for Development Fee

Assistance. If the criteria are met, Agency Board approval per Section 700 is not needed. Eligible projects must result in new housing and include new construction or redevelopment of existing buildings.

A-2. Real Property Acquisition and Disposition

The Agency may use tax increment funds to acquire real property when the acquisition of the real property is necessary to support creation of new housing in the Plan Area.

The process for selling or disposing of property acquired for the purpose of supporting the creation of housing will be determined by the Agency Board. Property acquired to support the creation of housing may be offered to a developer for a reduced price or at no cost, as determined by the Agency Board.

B. PHYSICAL IMPROVEMENTS TO ADDRESS SAFETY AND COMFORT

The Agency is authorized to make improvements to public spaces including street, curbs, and sidewalks in the Plan Area to create safe, accessible, and welcoming places for users. Possible improvements include:

B-1. Street, Curb, Alley, and Sidewalk Improvements

Improvements within the Plan Area may require the construction of new street, curb, and sidewalks. The Agency may fund sidewalk and roadway improvements in the Plan Area including design, redesign, construction, resurfacing, repair, and acquisition of right-of-way for curbs, streets, and sidewalks, and pedestrian and bicycle paths. Projects that may be undertaken include:

- Local street, curb, and sidewalk improvements to support commercial and other street-level activity in the Plan Area or identified in the Eugene Capital Improvements Program
- Other curb, sidewalk improvements identified by the Agency

B-2. Streetscape Projects

The Agency may participate in activities that will improve the visual appearance of the Plan Area, including but not limited to:

- Accent paving
- Decorative lighting
- Street trees, planters, and landscaping
- Furnishings, including benches, trash receptacles, bicycle racks
- Street and directional signage
- Public art and water features
- Gateway monuments and landscape features
- Undergrounding of utilities in the Plan Area

B-3. Pedestrian, Bike, and Multi-Modal Transportation Improvements

The Agency may participate in activities that support pedestrian, bicycle, other non-automobile, and transit uses in the Plan Area and connections between the Plan Area, the riverfront, public parks, and other areas of Eugene. Projects may include:

- Construction of bicycle parking and storage, transit stops, covered shelters, transit pullouts
- Provide new bike paths or lanes in the Plan Area
- Provide pedestrian connections to the broader downtown, riverfront, and surrounding areas
- Provide more prominent entrances to the downtown area
- Provide weather sheltering devices for the protection of pedestrians

C. EMERGING PROJECTS DIRECTED/INITIATED BY THE AGENCY BOARD

The Agency is authorized to participate in the following activities and projects should the Agency Board decide to pursue them:

C-1. Community Facilities

The Agency is authorized to participate in development of community facilities including new conference center or meeting spaces, or a cultural performance venue. These improvements will benefit the Plan Area by increasing public use of the area and by stimulating additional private investment in the Plan Area. The extent of the Agency's participation in funding such facilities will be based upon an Agency finding regarding the benefit of that project to the Plan Area, and the importance of the project in carrying out Plan objectives. The type and location of these community facilities will be determined by future study.

C-2. Open Spaces

The Agency may participate in funding the design, acquisition, construction, and/or rehabilitation of public open spaces and parks within the Plan Area. Projects to be undertaken may include:

- Walkways and plazas
- Shelters
- Buildings
- Landscaping
- Accessibility improvements
- Lighting
- Furniture
- Art

C-3. Other Development Support

The Agency is authorized to support development and commercial activities within the Plan Area through the following activities:

a. Financial Assistance

The Agency may use tax increment funds to provide financial assistance to property owners, for physical improvements to privately-owned properties that will address the goals of the Plan. The activities eligible for financial assistance could include housing development, green building or renewable energy investments, improvements to ground-

floor storefronts, and improvements to vacant or underutilized commercial spaces to increase flexibility and marketability.

b. Real Property Acquisition and Disposition

The Agency may use tax increment funds to acquire real property for the purpose of supporting the objectives of this Plan, including to support commercial activity.

The process for selling or disposing of property acquired for the purpose of supporting commercial activity will be determined by the Agency Board. Property acquired to support commercial activity may be offered to a developer for a reduced price or at no cost, as determined by the Agency Board.

D. LOANS AND GRANTS

The Agency may operate a low-interest loan and grant program to assist development and redevelopment of private property within the Plan Area. All dollars loaned must come from program revenue and not from tax increment funds. Property owners within the Plan Area proposing to improve their properties and receiving financial assistance from the Agency shall do so in accordance with all applicable provisions of this Plan and with all applicable codes, ordinances, policies, plans, and procedures of the City of Eugene.

E. PROJECT DELIVERY AND ADMINISTRATIVE ACTIVITIES

Many of the Agency's project delivery and administrative activities are provided through a contract between the City of Eugene and the Agency dated June 15, 2004.

1. The Agency may retain the services of independent professional people or organizations to provide project delivery administrative or technical services such as:
 - a. Project management;
 - b. Preparation of market, feasibility, or other economic studies;
 - c. Public engagement;
 - d. Preparation of design, architectural, engineering, landscaping architectural, planning, development, or other developmental studies;
 - e. Preparation of property acquisition appraisals;
 - f. Provision of special rehabilitation, restoration, or renovation feasibility and cost analysis studies;
 - g. Provision of legal, debt issuance, accounting or audit services;
 - h. Assistance with preparation of the annual financial report required under Section 800 of this Plan and the financial review required under Section 900 of this Plan; and
 - i. Support ongoing investments within the Plan Area (e.g. potential new businesses, existing businesses with expansion, dealing with safety issues).

2. The Agency may acquire, rent, or lease office space and office furniture, equipment, and facilities necessary for it to conduct its affairs in the management and implementation of this Plan.
3. The Agency may invest its reserve funds in interest-bearing accounts or securities authorized under ORS 294.
4. The Agency may borrow money, accept advances, loans, or grants from any legal source, issue urban renewal bonds and receive tax increment proceeds as provided for in Section 700 of this Plan.

F. EXISTING ACTIVITIES

The Agency may complete urban renewal projects authorized prior to the 2023 Amendment (for example, 1059 Willamette Street, Farmers Market Project). The Park Blocks and Open Space improvements that were authorized in the 2016 Amendment are part of the activities identified in Section 600 C. The Agency may also continue to operate the Downtown Revitalization Loan Program. All dollars loaned must come from program revenue and not from tax increment funds.

Section 700 – Methods for Financing the Projects

The Agency may borrow money and accept advances, loans, grants, and other legal forms of financial assistance from the Federal government, State, City, County, or other public body, or from any source, public or private, for the purposes of undertaking and carrying out the Projects authorized by this Plan.

Ad valorem taxes, if any, levied by a taxing body upon the taxable real and personal property situated in the Plan Area, shall be divided in accord with and pursuant to Section 1c, Article IX of the Oregon Constitution and ORS 457, and used by the Agency for the Projects authorized by this Plan.

The Agency shall adopt and use a fiscal year ending June 30 accounting period. Every other year, the Agency shall develop a biennial budget in conformance with the provisions of ORS Chapter 294 and ORS 457, which shall describe sources of revenue, proposed expenditures, and activities.

The Agency Board must approve all projects, other than loans, in excess of \$250,000.

Section 800 – Annual Financial Statement Required

A financial statement shall be prepared that includes the information required by ORS Chapter 457. The statement shall be filed with the City Council and notice shall be published and mailed to the affected taxing districts in accordance with the requirements of ORS 457.

Section 900 – Community Member Participation

The activities and projects defined in this Plan, and the adoption of amendments to this Plan shall be undertaken with the participation of community members, owners, tenants as individuals, and organizations who reside within or who have financial interest within the Plan Area together with the participation of general residents of the City. The Agency shall convene not less than once each year a committee of such persons to: a) prepare a report on the activities of the Agency for the previous fiscal year, and b) determine whether the Agency's expenditure of tax increment dollars was limited to the projects authorized by this Plan and the associated administrative costs authorized by the Plan.

Section 1000 – Non-Discrimination

In the preparation, adoption, and implementation of this Plan no public official or private party shall take any action to cause any person, group, or organization to be discriminated against in a manner that violates Section 4.613 of the Eugene Code, 1971.

Section 1100 – Recording of this Plan

A copy of this Plan and Substantial Amendments to this Plan shall be recorded with the recording officer of Lane County.

Section 1200 – Procedures for Changes or Amendments

The Plan will be reviewed and analyzed periodically and may need to be modified based on this review. Types of Plan Amendments are:

A. TYPE ONE AMENDMENT – SUBSTANTIAL CHANGE REQUIRING SPECIAL NOTICE

Type One amendments shall require approval per ORS 457.095, and notice as provided in ORS 457.120. Type One plan changes will consist of:

1. Increases in the Plan Area boundary in excess of one percent (1%) of the existing area of the Plan.
2. Increases in the maximum indebtedness that can be issued or incurred under this Plan.

B. TYPE TWO AMENDMENT – SUBSTANTIAL CHANGE NOT REQUIRING SPECIAL NOTICE

Type Two amendments shall require approval per ORS 457.095, but will not require notice as provided in ORS 457.120. Type Two amendments will consist of any change or additions to the projects listed in Section 600.

C. TYPE THREE AMENDMENT – MINOR AMENDMENT

Minor amendments are any change that does not require a Type One or Type Two amendment and may be approved by the Agency Board in resolution form.

D. AMENDMENT TO THE CITY'S COMPREHENSIVE PLAN OR ANY OF ITS IMPLEMENTING ORDINANCES

Amendments to Eugene's adopted comprehensive plan and/or land use regulations that affect the Plan and/or the Plan Area shall be incorporated automatically into the Plan without any separate action required by the Agency Board or City Council. If a Type I or Type II amendment is prepared, the Exhibit C of this Plan will be updated at that time.

Section 1300 – Duration and Validity of Approved Plan

A. DURATION OF THE PLAN

Taxes may be divided under this Plan only until the maximum indebtedness for the Plan Area has been issued and paid or defeased, or the Agency has determined that it will not issue the full amount of that maximum indebtedness, and all indebtedness that will be issued has been issued and paid or defeased. When that indebtedness has been paid or defeased the Agency will notify the assessor pursuant to ORS 457.450(2) to cease dividing taxes for the Plan Area, and shall return any unused tax increment funds to Lane County for redistribution to overlapping taxing districts. However, the Downtown District and this Plan may remain in effect as long as legally required to exist and until the Agency transfers any remaining assets and liabilities of the Plan Area to the City of Eugene. As of the date of the 2023 Amendment, it is estimated that the last fiscal year for which taxes will be divided is ____ [A = FY35, B = FY39, C = FY43].

B. VALIDITY

Should a court of competent jurisdiction find any word, clause, sentence, section, or part of this Plan to be invalid, the remaining words, clauses, sentences, section, or parts shall be unaffected by any such finding and shall remain in full force and effect for the duration of the Plan.

Section 1400 – Maximum Indebtedness

The sum of \$33 million was established in 1998 as the spending limit (maximum amount of new indebtedness which could be issued or incurred from tax increment funds) under this Plan after June 1, 1998. That figure was developed using the estimated project costs, plus a 5% annual inflation factor.

The 2010 Amendment increased the maximum indebtedness amount by \$13.6 million, to a total of \$46.6 million.

The 2016 Amendment increased the maximum indebtedness amount by \$19.4 million, to a total of \$66 million.

The 2020 Amendment did not increase the maximum indebtedness.

The 2023 Amendment increased the maximum indebtedness amount by ____ [A = \$30 million, B = \$40 million, C = \$50 million] to a total of ____ [A = \$96 million, B = \$106 million, C = \$116 million]. The maximum indebtedness limit established by this Section 1400 does not apply to or limit:

1. The obligation of the Agency to pay interest on indebtedness issued or incurred under this Plan;
2. Any indebtedness issued to refund indebtedness issued or incurred under this Plan, to the extent that the refunding indebtedness does not exceed the principal amount of the refunded indebtedness, plus the amount of the refunding indebtedness that is used to pay costs of the refunding;
3. Funds to repay indebtedness existing on the date of the 1998 Amendment; and
4. Expenditures made from funds other than tax increment funds, such as loans made from the Downtown Revitalization Loan Program.

Legislation passed in 2009 (ORS 457.220) placed additional limits on how much a municipality can increase maximum indebtedness. That same legislation, however, also provides that those limitations *“do not apply to the extent the municipality approving a plan obtains the written concurrence of taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits in the urban renewal area.”*

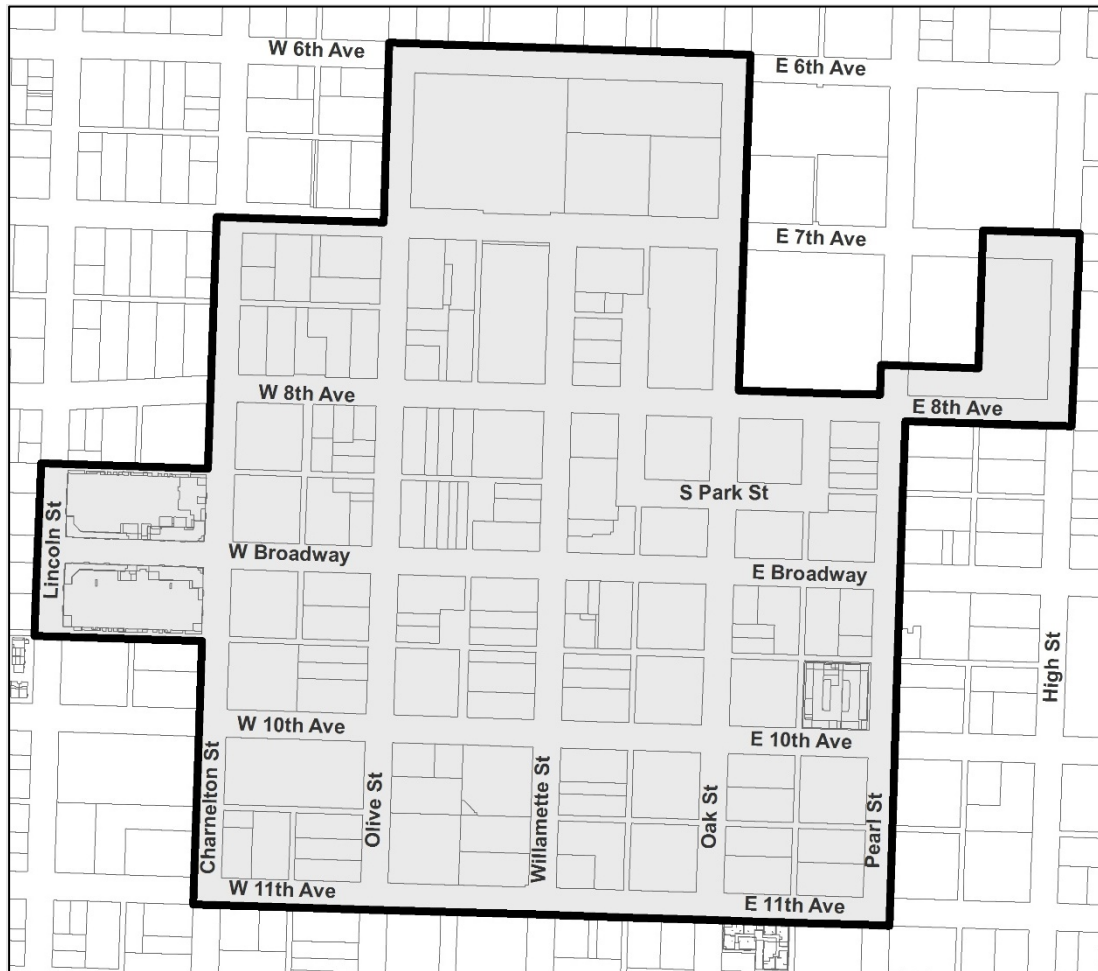
[Placeholder for overlapping taxing districts information]

Section 1500 – Formal Matters

At this time, no property is anticipated to be purchased that would result in relocation. If property is identified for purchase that would involve relocation, the Agency would develop provisions for relocation.

If the Agency acquires occupied real property in the implementation of the Plan, occupants of such property shall be offered relocation assistance, in such circumstances as may be required under the applicable state law. Those displaced will be contacted to determine their individual relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 35.500-35.530 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 35.510. The Agency will prepare, adopt, and maintain a Relocation Policy prior to acquiring any property that will cause displacement.

PLAN EXHIBIT A: Plan Area Map



PLAN EXHIBIT B: Plan Area Description

Beginning at the southwest corner of the intersection of 11th Avenue and Charnelton Street in the City of Eugene, Lane County, Oregon, commencing northerly along the west right-of-way line of Charnelton Street to the point of intersection of the south right-of-way line of the alley between 10th Avenue and Broadway;

- (1) thence, westerly along the south right-of-way line of said alley to the west line of Lincoln Street;
- (2) thence, northerly along the west right-of-way line of Lincoln Street to the point of intersection of the north right-of-way line of the alley between Broadway and 8th Avenue if extended;
- (3) thence, easterly along the north right-of-way line of said alley to the west right-of-way line Charnelton Street;
- (4) thence, northerly along the west right-of-way line of Charnelton Street to the northwest corner of the intersection of 7th Avenue and Charnelton Street;
- (5) thence, easterly along the north right-of-way line of 7th Avenue to the northwest corner of the intersection of 7th Avenue and Olive Street;
- (6) thence, northerly along the west right-of-way line of Olive Street to the northwest corner of the intersection of 6th Avenue and Olive Street;
- (7) thence, easterly along the north right-of-way line of 6th Avenue to the northeast corner of the intersection of 6th Avenue and Oak Street;
- (8) thence, southerly along the east right-of-way line of Oak Street to the northeast corner of Oak Street and South Park Avenue;
- (9) thence, easterly along the north right-of-way line of South Park Avenue extended to the east right-of-way line of Pearl Street;
- (10) thence, southerly along the east line of Pearl Street to the southeast corner of the intersection of Pearl Street and West 11th Avenue; and
- (11) thence westerly along the south right-of-way line of West 11th Avenue to the point of beginning.

Portion of the Former City Hall Block description

A tract of land located in the Northeast one-quarter of Section 31 in Township 17 South, Range 3 West of the Willamette Meridian being more particularly described as follows; Beginning at the Southwest corner of Block 18 as platted and recorded in Skinner's Donation to Eugene per Judgement Docket "A" page 2, Lane County Oregon Plat Records in Lane County, Oregon; thence Southerly along the westerly line of Block 23 of said Skinner's Donation to Eugene to the Northwest corner of Block A of Mulligan Addition to Eugene as platted and recorded in Volume A, Page 122, Lane County Oregon Plat Records in Lane County, Oregon; thence Westerly along the Northerly line of Block 1 of said Mulligan Addition to Eugene to the Northwest corner of said Block 1 of said Mulligan Addition to Eugene; thence northerly to the Southwest corner of said Block 24; thence West to the Southeast corner of Block 7 Skinner Donation to Eugene as platted and recorded in Volume A, Page 122, Lane County Oregon Plat Records in Lane County, Oregon; thence northerly

along the East line of said Block 7, 71.47 feet; thence running 71.47 feet distant and parallel to the south line of said Block 24 to the centerline of the now vacated alley within said Block 24; thence Northerly along said alley centerline to the South line of Block 17 in said Skinner's Donation to Eugene; thence along the South line of said Block 17 to the Southwest corner of Said Block 18 and there ending, all in Eugene, Lane County, Oregon.

East Park Block Area description

A tract of land located in the Northeast one-quarter of Section 31 in Township 17 South, Range 3 West of the Willamette Meridian being more particularly described as follows; Beginning at the Southwest corner of Block 24 as platted and recorded in Skinner's Donation to Eugene per Judgement Docket "A" page 2, Lane County Oregon Plat Records in Lane County; thence Southerly along the west line of Block 1 of Mulligan Addition to Eugene as platted and recorded in Volume A, Page 122, Lane County Oregon Plat Records in Lane County, Oregon to the Southwest corner of Lot 3, Block 1 of said Mulligan Addition; thence Westerly along the projected south line of Lot 6, Block 12 of said Mulligan Addition and along the north right-of-way line of South Park Street to the intersection with the east right-of-way line of Oak Street; thence northerly along said east right-of-way line of said Oak Street to the northerly right-of-way line of East 8th Avenue; thence Easterly along said northerly right-of-way line of said East 8th Avenue to the point of beginning being the Southwest corner of said Block 24 of Skinner's Donation to Eugene and there ending, all in Eugene, Lane County, Oregon.

PLAN EXHIBIT C: Analysis Of The Plan's Conformance To The Comprehensive Plan And Other Local Plans

ORS 457.095 requires that the Plan conform to local objectives including the comprehensive plan and economic development plan of a locality. This section provides that analysis. Additionally, ORS 457.085(2)(d) requires that the plan include an explanation of the plan's relationship to definite local objectives regarding appropriate land uses and improved traffic, public transportation, public utilities, telecommunications utilities, recreational and community facilities and other public improvements. This section complies with that statutory requirement to identify definite local objectives regarding land use, transportation, etc., by reference to local planning documents. Relevant local planning and development objectives are contained within the following local planning documents:

- Eugene Springfield Metropolitan Area General Plan (Metro Plan)
- Envision Eugene Comprehensive Plan (Envision Eugene)
- Eugene 2035 Transportation Systems Plan
- Housing Implementation Pipeline
- Eugene Climate Action Plan 2.0
- Eugene Downtown Plan

The following section describes the purpose and intent of these planning documents, applicable goals and policies within each planning document, and an explanation of how the Urban Renewal Plan for the Downtown Urban Renewal District (Plan) relates to the applicable goals and policies. .

The numbering of the goals and policies within this section reflects the numbering that occurs in the original planning document. Italicized text is text that has been taken directly from an original planning document and therefore cannot be changed. Some verbiage may say "complies with", which, in this document is synonymous with "conforms to" as stated in ORS 457.095.

Metro Plan - Eugene Springfield Metropolitan Area General Plan updated through June 30, 2019

Metropolitan Residential Land Use and Housing Element Goal: Provide viable residential communities so all residents can choose sound, affordable housing that meets individual needs.

FINDING: The 2023 Amendment to the Urban Renewal Plan for the Downtown Urban Renewal District (2023 Amendment) provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. The resources may be used for acquisition, assisting with developer costs, and

providing incentives to make a project economically feasible. The Plan conforms to the Housing Element Goals of the Metro Plan.

Economic Element

Goal: Broaden, improve, and diversify the metropolitan economy while maintaining or enhancing the environment.

Policies:

- *B.14 Continue efforts to keep the Eugene and Springfield central business districts as vital centers of the metropolitan area.*
- *B.28 Recognize the vital role of neighborhood commercial facilities in providing services and goods to a particular neighborhood.*
- *B.29 Encourage the expansion or redevelopment of existing neighborhood commercial facilities as surrounding residential densities increase or as the characteristics of the support population change.*

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. Workers in the downtown area need affordable housing options and having increased residents in the downtown will supply increased economic activity to the area. The downtown is a neighborhood, and providing a mix of residential and commercial activities will support the vitality of this mixed use area. The Plan conforms to the Goal and Policies B.14, B28, and B29 of the Metro Plan.

Transportation Element

Goals:

1. *Provide an integrated transportation and land use system that supports choices in modes of travel and development patterns that will reduce reliance on the automobile and enhance livability, economic opportunity, and the quality of life.*
2. *Enhance the Eugene-Springfield metropolitan area's quality of life and economic opportunity by providing a transportation system that is:*
 - *Balanced,*
 - *Accessible,*
 - *Efficient,*
 - *Safe,*
 - *Interconnected,*
 - *Environmentally responsible,*
 - *Supportive of responsible and sustainable development,*
 - *Responsive to community needs and neighborhood impacts, and*
 - *Economically viable and financially stable.*

Policies:

- *F.3 Provide for transit-supportive land use patterns and development, including higher intensity, transit-oriented development along major transit corridors and near transit stations; medium- and high-density residential development within ¼ mile of transit stations, major transit corridors, employment centers, and downtown areas; and*

development and redevelopment in designated areas that are or could be well served by existing or planned transit.

- *F.4 Require improvements that encourage transit, bicycles, and pedestrians in new commercial, public, mixed use, and multi-unit residential development.*
- *F.11 Develop or promote intermodal linkages for connectivity and ease of transfer among all transportation modes.*
- *F.13 Support transportation strategies that enhance neighborhood livability.*
- *F.14 Address the mobility and safety needs of motorists, transit users, bicyclists, pedestrians, and the needs of emergency vehicles when planning and constructing roadway system improvements.*
- *F.22 Construct and improve the region's bikeway system and provide bicycle system support facilities for both new development and redevelopment/expansion.*
- *F.23 Require bikeways along new and reconstructed arterial and major collector streets.*
- *F.24 Require bikeways to connect new development with nearby neighborhood activity centers and major destinations.*
- *F.26 Provide for a pedestrian environment that is well integrated with adjacent land uses and is designed to enhance the safety, comfort, and convenience of walking.*
- *F.27 Provide for a continuous pedestrian network with reasonably direct travel routes between destination points.*
- *F.37 Consider and include among short-term project priorities, those facilities and improvements that support mixed-use, pedestrian-friendly nodal development, and increased use of alternative modes.*

FINDING: The 2023 Amendment provides tax increment resources to provide for improved multi-modal transportation systems including street, curb, alley and sidewalk improvements, streetscape improvements and pedestrian, bike and transit improvements. The Plan conforms to the Goals and listed policies of the Transportation Element of the Metro Plan.

Public Facilities and Services Element

Goals:

1. *Provide and maintain public facilities and services in an efficient and environmentally responsible manner.*
2. *Provide public facilities and services in a manner that encourages orderly and sequential growth.*

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. This area in Eugene already has existing services and increasing the density of the area makes efficient use of existing resources. The Plan conforms to the Public Facilities and Services Element Goals of the Metro Plan.

Parks and Recreation Facilities Element

Goal:

Provide a variety of parks and recreation facilities to serve the diverse needs of the community's citizens.

Objectives:

- 4. Develop park sites and recreation facilities in the manner best suited to serve the diverse interests of local residents and in areas of greatest need.*
- 5. Close the gap between the current supply of park and recreation facilities and the projected demand.*

FINDING: The 2023 Amendment provides tax increment resources to improve the public spaces within the area acknowledging that increasing the residents in the area will increase demand for park facilities. The Plan conforms to the Goal and Objectives 4 and 5 of the Parks and Recreation Facilities Element of the Metro Plan.

Envision Eugene Comprehensive Plan

June 2017

Chapter 3 Economic Development

Downtown, Key Corridors, and Core Commercial Areas – Policies in this section support geographic areas of particular economic intensity.

- 3.32 Priority development areas. Promote redevelopment and reuse in prioritized areas including downtown, key corridors, and core commercial areas.*
- 3.33 Urban economy. Promote downtown as a hub of creative, entrepreneurial activity that can attract new investment and retain and grow existing businesses that thrive in the urban environment.*
- 3.34 Multifaceted, regional center. Strengthen downtown's role as a destination and the functional center for government, business and commerce, entertainment and the arts, and education in Eugene and the Southern Willamette Valley.*
- 3.35 Neighborhood vitality. Recognize the vital role of commercial facilities that provide services and goods in complete, walkable neighborhoods throughout the community. Encourage the preservation and creation of affordable neighborhood commercial space to support a broad range of small business owners across all neighborhoods.*

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. Workers in the downtown area need affordable housing options and having increased residents in the downtown will supply increased economic activity to the area. The downtown is a neighborhood, and providing a mix of residential and commercial activities will support the vitality of this mixed use area. The Plan conforms to the Economic Development Element of the Envision Eugene Comprehensive Plan.

Chapter 9 Transportation

Policy 9.1 Local transportation planning. The Eugene 2035 Transportation System Plan, not including the transportation financing program, serves as the transportation element of the Envision Eugene Comprehensive Plan and amendments to that plan shall constitute amendments to this plan.

FINDING: The findings of conformity with the Eugene 2035 Transportation System Plan, laid out in more detail below, support a finding of conformity with the Transportation Chapter of the Envision Eugene Comprehensive Plan.

Eugene 2035 Transportation System Plan

The following are projects specified in the Eugene Transportation System Plan in the Plan Area.

- *Improved connections from Downtown to other corridors*
- *Neighborhood greenway*
 - *PB111 – Broadway, Charnelton to High*
 - *PB486 – Willamette, 7th to 13th*
- *Protected bike lane*
 - *PB571 – Lincoln, 5th to 13th*
 - *PB583 – 8th, Lincoln to Broadway*
- *Bike lane, on-street*
 - *PB226 – 13th, Washington to Lincoln*
 - *PB574 – 6th to 4th Ave*
- *Future study projects*
 - *S3 – Improvements to North-South Travel/Circulation South of Downtown – Evaluate north/south circulation options on the Oak/Pearl Streets and Hilyard/Patterson Streets couplets*
- *Intro:*
 - *Identified potential action items include aligning the City's land use and parking regulating to encourage walking, biking, and use of public transit and periodically reviewing parking needs in the downtown, Federal Courthouse, and riverfront districts and balance supply with other objectives, such as economic vitality; support for transit, walking, and biking; reduced consumption of fossil fuels; and human-scaled urban form.*
- *P. 17 – promote transportation demand management programs along Key Corridors.. including downtown*
- *P. 39 Support higher-speed and higher frequency passenger rail service and use of the historic Eugene Depot in downtown Eugene as a passenger rail station.*

FINDING: The 2023 Amendment provides tax increment resources to provide for improved multi-modal transportation systems including street, curb, alley and sidewalk

improvements, streetscape improvements and pedestrian, bike and transit improvements. The Plan conforms to the Eugene 2035 Transportation Systems Plan.

Housing Implementation Pipeline

July 1, 2022 – June 30, 2027

The Housing Implementation Pipeline (HIP) is an internal, cross-departmental, five-year work plan for the City. This work plan coordinates current and future City resources, goals, and priorities with a systems-thinking approach to housing across the full continuum from people experiencing homelessness to overall housing supply. A target goal in the HIP is to increase the amount of housing downtown by 50% from 2021; an increase of over 1,000 units.

The HIP work plan period begins July 1, 2022 and concludes June 30, 2027. The HIP will be reviewed and updated on a two year schedule to occur in year 3 (2025) and year 5 (2027)

Downtown Housing Strategies

Encouraging compact development in the downtown core is one critical way to provide housing for our growing community. Increasing the number of housing units in the downtown core achieves other policy goals related to climate recovery and resiliency, compact development transportation efficiency, downtown vibrancy and fiscal sustainability.

Despite community benefits from a strong residential presence downtown, new residential construction faces a number of competitive disadvantages, particularly financial challenges, compared with development in other parts of the city.

Prior support for downtown housing has come in multiple forms, especially 1) Affordable Housing investments such as HOME funds and tax exemptions from Low-Income Rental Housing Property Tax Exemption (LIRHPTE), 2) tax exemption under the Multi Unit Property Tax Exemption (MUPTE) program, 3) Urban Renewal, and 4) regulatory incentives, such as the removal of parking minimums in the downtown area. These tools have led to the creation of the majority of the housing units in downtown today, including Broadway Place, First on Broadway, Aurora Building, and West Town on 8th.

The City could look to continue this type of support by exploring tax exemption opportunities (see page 28) as well as the possibility of extending the life of the Downtown and Riverfront Urban Renewal Districts for the purposes of supporting more housing downtown. Support for downtown housing will allow the City to meet its goal of adding at least 1,000 new units downtown.

Middle Housing Incentives

Throughout the public engagement process for Middle Housing Code Amendments (HB 2001), community members and the Planning Commission emphasized the need for incentivizing smaller and more affordable housing options. To increase desired middle housing, the City will explore a suite of incentives such as fee reductions, tax exemptions, preapproved plans, first-time home buyer assistance, and land use code changes (e.g. density bonuses). Potential incentives would complement other items in the HIP and some incentive programs could be expanded to include middle housing in certain places or city wide if specific targets are met

including efficiency targets like small square footage, or income restriction targets. It is anticipated that a comprehensive approach that pairs financial incentives with regulatory changes will have the greatest impact. This policy exploration could occur starting in FY25, if the additional resources are secured.

Anti-Displacement Action Plan

If additional resources are made available, City staff will look to coordinate policies and actions to promote equitable development and reduce the harmful impacts of involuntary displacement as Eugene continues to grow. The action plan will guide many of our existing and proposed policies or programs.

Academic and professional publications on anti-displacement identify production, preservation and protection as key policy areas to combating the negative effects of displacement. In developing the plan, the City will look to other cities and models that have proven effective at preventing the effects of involuntary displacement.

As shown in Appendix A, the plan could be created beginning in early 2023, if additional resources are made available for this work. An Anti-Displacement Action Plan will be co-created with community members, building off the work of the Equity Panel and with a particular focus on engaging with communities that are most impacted by displacement. It could include direction on tenant/renter protection regulations, Affordable Housing preservation and development, rental assistance, homeownership assistance, community land trust support, inclusionary zoning requirements, and a housing-specific equity lens toolkit.

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities in the downtown for Eugene residents. The Housing Implementation Pipeline includes the use of urban renewal as a potential resource for creating additional housing. The Housing Implementation Pipeline also includes exploration of incentives of middle housing production, which can occur with urban renewal. The Plan supports the Housing Implementation Pipeline.

Climate Action Plan 2.0

The Climate Action Plan 2.0 identifies actions that will help Eugene reach its climate goals. The Plan includes multiple strategies that support the development of downtown and increase compact housing in the downtown. Housing policy is a cornerstone of any City's climate policy. Housing stock characteristics like size, affordability, and location relative to transit, jobs, and other amenities all impact residents' environmental impact. Size has multiple impacts including the emissions from creating the building materials and the emissions from energy used to heat and cool the home. Smaller homes tend to have a smaller carbon footprint during construction and use. In addition, housing units built close to transit, jobs, and other amenities allow residents to access the community using fewer vehicle trips.

Action T11 COE to make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas. This includes removing regulatory barriers, flexible

uses within industrial and commercial, reduce financial obstacles, restructure SDCs for smaller additional incentives, flexible land use codes, and ensure transportation system can support planned densities. This action is part of the Promote Compact Urban Development and Efficient Transportation Options Pillar of Envision Eugene.

Action T13 *COE to plan for growth so that an increasing proportion of residents live in 20-Minute Neighborhoods where residents can meet most of their daily needs near their homes without the use of an automobile. This includes identifying location opportunities for flexible codes, transportation infrastructure improvements, parks and open space, partnerships and incentives. This action is part of the Plan for Climate Change and Energy Resiliency Pillar of Envision*

Action T14 *COE to incentivize transit-oriented development and walkable neighborhoods using tools such as the Multi-Unit Property Tax Exemption (MUPTE), a state-enabled 10-year property tax exemption, to stimulate the construction of multiunit housing downtown and along key corridors. MUPTE is currently authorized to be used in downtown Eugene. Programs to facilitate more housing downtown, including MUPTE, are an Envision Eugene strategy anticipated to achieve an additional 1,000 dwellings by 2032.*

Action T15 *COE to encourage housing diversity in all neighborhoods. Support the construction of duplexes, triplexes, quadplexes, townhomes, and cottage clusters throughout the community. Directly implement House Bill (HB) 2001, the state law that enables missing middle housing options on lots zoned for residential uses by June 2022. (HTS Process, Envision Eugene, SB 1051, HB 2001)*

Recommendation E1

Implement City land use policies that encourage higher density land use. Higher density housing results in more walkable, rideable, or roll-able communities.

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. Providing for increased housing density in the downtown helps compact urban development and plans for growth for increasing the proportion of the residents who live in 20 Minute Neighborhoods, and encourages housing diversity by providing increased housing opportunities. The Plan conforms to the Climate Action Plan 2.0.

Eugene Downtown Plan

April 12, 2004

Building a Downtown

Policies

1. *Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.*
2. *Use downtown development tools and incentives to encourage development that provides character and density downtown.*

Implementation Strategies

- C. Expand the use of revenues in the Downtown Urban Renewal District in order to provide financial tools and incentives for desired development within the district.*
- G. Identify and facilitate infrastructure improvements as a public incentive for private development.*

Living Downtown

Policies

- 1. Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.*
- 2. Reinforce residential use in neighborhoods abutting the downtown commercial core to help contain commercial activity in downtown and maintain the historic character and livability of adjacent neighborhoods.*

Implementation Strategies

- C. Develop additional financial tools to assist with the development of housing, including the use of bonds, tax increment financing, land assembly and parking.*
- E. Reinforce opportunities for home ownership downtown.*
- F. Seek opportunities to equalize the costs of building housing in and near downtown compared with locations elsewhere in the city.*

FINDING: The 2023 Amendment provides tax increment resources to help create additional housing opportunities and affordable housing opportunities for Eugene residents. Major policies in the Downtown Plan call for an active, vital downtown, encouraging development downtown, stimulating downtown multi-unit housing, developing additional financial tools and seeking the opportunity to equalize the costs of building housing in and near downtown. All of these policies are supported by the 2023 Amendment. The Plan conforms to the Eugene Downtown Plan.

Draft Report on the Downtown Urban Renewal Plan 2023 Amendment

DRAFT DOWNTOWN URBAN RENEWAL DISTRICT REPORT

For the Downtown Urban Renewal District Plan

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Urban Renewal Agency of the City of Eugene, Oregon



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REPORT ON THE DOWNTOWN URBAN RENEWAL DISTRICT PLAN

[Throughout this draft Report, a range of spending scenarios will be used with different increases to maximum indebtedness: A = \$30 million, B = \$40 million, C = \$50 million. In a few instances where clarity would be unduly compromised, scenario C is used and shows the maximum end of what City Council is considering.]

Chapter 1: Introduction

The 2023 Amendment to the Downtown Urban Renewal District Plan (the “Plan”) makes the following changes:

- Specifies project activities to be undertaken;
- Sets an increase in the maximum indebtedness to allow for those specific projects; and
- General updating of the Plan.

The City of Eugene has prepared an amendment to the Plan, originally adopted in July 1968 and modified December 1968, November 1989, June 1998, September 2004, May 2010, June 2016, and November 2020. The 2023 amendment is considered a substantial amendment under ORS 457 as it increases the maximum indebtedness of the Plan. This Report accompanies the Plan and consists of text, tables, and appendices.

The Downtown Urban Renewal District contains approximately 75 acres (the “Plan Area”). The legal description for the Plan Area is in Section 300 of the Plan and is further described on graphic exhibits included in the Plan and in the appendix to this Report.

Chapter 2: Description of Physical, Social, Economic, and Environmental Conditions in the Plan Area

Note: This description and assessment is current to the identified dates. In many cases, the 2020 Amendment information is still current and does not need to be updated.

A. Physical Conditions

1. Land Area

The Plan Area encompasses about 75 acres. See Appendix, Exhibit A for a map of the Plan Area.

The total incorporated land area for the City of Eugene, as of March 2023 is 28,544 acres. The Plan Area represents about 0.26 percent of the City’s total land area. This area combined with the Riverfront Urban Renewal District of approximately 245 acres, equals approximately 320 acres in renewal districts, which is one percent of the City’s total land area and well below the 15 percent maximum allowed by Oregon State law.

2. Existing Land Use and Zoning

Table 1 shows generalized land use as of March 2023 by category. Table 2 shows the zoning as of March 2023 by zoning district. A description of each use permitted is found in the City Land Use Code. (The zoning map is located in the Appendix, Exhibit B.)

Table 1. Generalized Land Use

Land Use Code	Number of Addresses	% Total
C: Communication	4	0.5%
E: Education	6	0.7%
F: Transportation Related	5	0.6%
G: Government	16	1.8%
I: Industrial	3	0.3%
J: Religious, Charitable	2	0.2%
L: Recreation	24	2.7%
M: Multi-family	313	35.5%
O: General Services	354	40.2%
P: Parks	2	0.2%
R: Retail	151	17.1%
V: Vacant	1	0.1%
Grand Total	872	100.0%
Data: Regional GIS: Site Address Land Use, March 2023		

Table 2. Zoning

Zoning	Acres
C-2 Community Commercial	0.7
C-3 Major Commercial	39.1
PL Public Land	4.6
S-H Historic	0.1
Total Zoned property	44.6
Non-Taxlot Right-of-Way	30.3
Total	74.9
Data: Regional GIS, March 2023	

3. Historic Structures

In the past, numerous old buildings were lost in the downtown core area due to demolition or neglect. While not all of these structures were historically or architecturally significant, it is clear that our urban heritage was not considered worthy for preservation or re-use. Today, the Agency aims to take an active role in celebrating that urban heritage by preserving and reclaiming obsolete or underutilized buildings as well as parts of the urban landscape in need of improvements, that form an important part of the fabric and history of downtown, which is part of our legacy for future generations.

4. Parks and Plazas

Downtown plays a variety of roles in our city, as a shared civic, cultural, and economic center, and as a neighborhood of its own. To fulfill these roles, downtown needs parks and plazas that provide public gathering spaces, room for events, and greenspace in the heart of the city. As development continues downtown, the role of these open spaces becomes even more important, supporting overall livability for residents and downtown employees alike. Further, improved open spaces will draw and sustain a high quality and diverse mix of commercial, governmental, residential, and cultural uses. The open spaces that are currently downtown (Kesey Square, the

Park Blocks, and the Hult Center Plaza) do not appear to meet the area's needs for open space; the Agency began making improvements to open space with the 2016 amendment, but portions remain unattractive and unwelcoming, showing signs of deterioration and lacking in public amenities that would attract people. Obscured sight lines and poor lighting contribute to real and perceived safety concerns. The design of those spaces is not generally conducive to modern events and programming. The lack of infrastructure in those spaces, such as electricity and water, limits programming and commercial opportunities. Improvements to parks and plazas within the Plan Area will increase the utility, desirability, and economic impact of these spaces, make the Plan Area more inviting and attractive overall, and create the conditions for increased residential and commercial investment in the future.

5. Telecommunications Utility System

The 2016 Amendment authorized the use of urban renewal funds to support the construction of a telecommunications fiber network in the downtown. Eugene Water and Electric Board (EWEB) completed the installation of the fiber network throughout the designated footprint of the project boundary in 2019.

The project also included improvements to the interconnect facility at 859 Willamette Street, an internet switching center. The improvements expanded its capacity so that the facility can host more Internet Service Providers.

6. Streets, Alleys, Sidewalks

As documented in the blight findings attached to the Ordinance amending the Plan, many of the pedestrian walkways as well as portions of paved streets and alleys in the Plan Area have significantly deteriorated. In addition, some streets are in need of repair and renovation to enhance their function, safety and attractiveness for public use. As an example, Park Street, which runs adjacent to the Park Blocks on three sides, needs sidewalk and accessibility improvements, curb changes, and a redesign of parking to better accommodate activities that spill over from the Park Blocks.

Using funds allocated in the 2016 amendment, the northwest portion of Park Street and adjacent sidewalks were improved to complement the construction of the Farmers Market Pavilion.

Oak Street and 8th Avenue are the major streets bisecting the Park Blocks; both only carry traffic in one direction. Plans and policy direction support the conversion of 8th Avenue to a two-way street. Both Oak Street and 8th Avenue need improvements to maintain traffic flow and allow for ease of pedestrian use, such as lane narrowing and bump-outs.

Sixth Avenue and 7th Avenue form a couplet of one directional streets running in opposite directions. These roads are wide and fast moving, creating a physical and psychological barrier between the traditional core of downtown and the rapidly developing Market District and Riverfront. Policy direction supports narrowing these roads, adding parking, and pedestrian bulb-outs. There are multiple alleyways

throughout the Plan Area that offer pedestrian pathways throughout. The alleys are dark and the pavement is of varied condition. Improving the alleys will enhance their function and safety, which will improve the pedestrian experience throughout the Plan Area.

7. Sanitary Sewer System

The sanitary sewer system was upgraded as part of the original renewal project. This upgrading consisted of relining the existing lines with plastic pipe liners. Each building was reconnected at that time. The engineering analysis showed that the existing capacity was sufficient.

8. Water Delivery System

According to the Eugene Water and Electric Board, the water delivery system throughout the original Downtown Urban Renewal District is in sufficient condition and of sufficient capacity to support additional development.

B. Social Conditions

1. Housing

There were 313 housing units in the Plan Area as of December 13, 2020. An estimated 75 of these units are located in the Lane Community College Titan Court student housing, which are shared apartments for 255 residents. (Data: Regional GIS, August 2020 Site Address Land Use) There are no units of affordable housing (income-qualifying) within the Plan Area. The monthly rents that are representative of the Area from one of the large housing complexes in 2023 are:

- Studio \$1,525
- 1-Bedroom \$1,750
- 2 Bedroom \$1,885

2. Socio-Economic

Based on information from the 2021 5-Year American Community Survey (ACS) data, there are 2,891 people living in the two block groups that contain the Plan Area. The median household income in the Plan Area is well below the median household income in the City of Eugene. (Table 3 and Appendix Exhibit C – Census Boundaries Map.)

Table 3. Median Household Income

	Population	Margin of Error (+/-)	Median Household Income	Margin of Error (+/-)
City of Eugene	173,278	136	\$ 55,776	\$ 1,824
Census Tract 3900, Block Group 1	1,296	407	\$ 35,662	\$ 4,675
Census Tract 3900, Block Group 2	1,595	290	\$ 29,896	\$ 9,308
Total Population	2,891			

Data: ACS 2021-Year Estimates. B01003 Total Population, B19013 Median Household Income

3. Employment

In early 2023, there were 389 employers and about 5,400 employees in the Plan Area. The largest employers in the district were the City of Eugene, Lane Council of Governments, and Venture Data (InfoUSA, 2023).

The Plan Area has been an employment center for decades and most of the structures in the Plan Area support office uses. The COVID-19 pandemic brought about a shift in how people conduct office work, with many people choosing to work from home all or some days per week. Data from parking structures owned by the City of Eugene show occupancy levels during normal business hours in 2022 were 78% of 2019 parking occupancy levels. Additionally, transit ridership through our downtown station is down 40% from 2019 levels. This shift in office work habits has led to fewer office workers in the downtown, greatly reducing demand for goods and services.

C. Economic Conditions

1. Value of Property

The FY23 taxable assessed value for the City of Eugene is \$18,254,461,170. The total taxable assessed value for the Downtown District Plan Area as of FY23 is \$240,398,656. The excess value, also known as 'increment', of the Plan Areas for Eugene's two Urban Renewal Districts is \$411,398,048. The increment, or excess value, is the growth in assessed value of the Plan Area after its initial adoption. Table 4 below demonstrates that the combined frozen bases for the Downtown and Riverfront Urban Renewal Districts is well below the 15 percent limit of the City of Eugene assessed value minus the increment (excess) value of the Urban Renewal Plan Areas as imposed by ORS 457.420.

Table 4. Assessed Value Limitations

A. City of Eugene Total Assessed Value (AV)	\$ 18,254,461,170
B. Total Frozen Base AV of URAs	\$ 84,346,194
Downtown District	\$ 33,736,746
Riverfront District	\$ 50,609,448
C. Total Increment AV of URAs	\$ 411,398,048
Downtown District	\$ 206,661,910
Riverfront District	\$ 204,736,138
D. Frozen Base AV as % of City AV: B/(A-C)	0.5%

2. Relationship of the Value of Improvements to the Value of Land

The current ratio of improvement value to land value within the Plan Area, based on 2020 assessment records and excluding all tax-exempt property, is 6 to 1.

D. Environmental Conditions

The Plan Area has been an established commercial business area for many years. Most streets, sidewalks, alleys, and sewers are in place and should be upgraded and maintained. The public park areas within the Plan Area should be maintained as needed by the City. There are opportunities through the additional resources from the Plan Amendment to improve the function and condition of some of the streets, public parks, and public plazas.

- The Park Blocks are directly on a pedestrian, bicycle, and vehicular path to the river and are a critical piece of the Willamette to Willamette Initiative.
- A central intent of that project is to transform 8th Avenue from a predominantly one-way west-bound street with inadequate pedestrian and bicycle amenities into a two-way, inviting, and accessible path to and from the river and the ongoing development on the former EWEB Riverfront property as well as the university area to the east. Significant infrastructure design and construction will be required to implement this transformative project.
- The Plan Area lies near newly redeveloped areas to the north and east. Existing roads create barriers between the Plan Area and its neighbors. Improvements to crossings on wide streets will reduce the negative elements, attracting those areas' residents and visitors into the Plan Area

Chapter 3: Expected Impact, Including Fiscal Impact, of the Plan in Light of Added Services or Increased Population

The projects in the 2023 Amendment support the Plan goal to strengthen the economic conditions of the Plan Area as increased residential uses will provide increased activity to the businesses in the Area. The projects will also contribute to the goal of enhancing downtown's role as the regional economic, governmental, and cultural center and central location for public and private development and investment. Improvements to right of way, parks, and open space will contribute to the goal of reinforcing the Plan Area as a place to live, work, or visit by providing inviting and highly functional spaces for the community to enjoy on a daily basis as well as for programmed events.

These projects also support the Plan goal to strengthen the economic conditions of the Plan Area. One measure of this goal is the expected increase in the taxable property values caused by the projects. Areas adjacent to the Plan Area are also expected to become more viable. From FY23 through the estimated remaining life of the District ____ [A = FY35, B = FY39, C = FY43] property values in the Plan Area are estimated to increase by about ____ [A = \$102 million, B = \$145 million, C = \$194 million].

Potential direct impacts to School District 4J from the 2023 Amendment are residential development projects that will ideally increase the number of people living downtown. Whether or not those residents have school-aged children is unknown at this time. However, the schools are funded on a per pupil basis, so additional school-aged students could mean additional funding for the schools. The amount of increased residential units

will not likely require new school facilities. (See Chapter 9 for a summary of the financial impact that the Downtown District has on 4J.)

The projects included in the 2023 Amendment, like all development projects, are expected to impact police services, transportation, utilities, and other public services.

City Council selected projects within the Plan Area for the way in which they support planning efforts and strategies, such as Envision Eugene, and adopted policy documents, such as the Eugene Downtown Plan. Developed with significant public input, the planning documents were based on assumptions about the value of and expected need for higher density of uses and development, with a consequent need for new and improved services and amenities. The Amendment is expected to facilitate improvements within the Plan Area, thereby addressing the goals and policies in these documents. The policies of the Downtown Plan strongly support increased residential and mixed-use development downtown, and the reinforcement of downtown as the economic and cultural center of the community.

The pillars of Envision Eugene that will be addressed by the 2023 Amendment are to provide housing affordable to all income levels and to promote compact development and efficient use of transportation. Specifically, the 2023 Amendment projects are expected to meet more of Eugene's multi-unit housing needs downtown, increase job opportunities, offer retail goods and services, and transform downtown into a mixed-use neighborhood that fosters active, walkable community living. The projects in the Plan do not result in an intensification of development beyond that previously anticipated under the planning documents.

The Agency will use tax increment revenues to carry out the Plan. The use of tax increment revenues will affect the property tax revenues of other taxing jurisdictions that share assessed value with the Plan Area. The property tax impacts are described in Chapter 9.

Chapter 4: Reasons for Selection of the Plan Area

The Plan Area was adopted in 1968 with approximately 70 acres. This area was selected after a comprehensive community process under the guidance of the Federal Department of Housing and Urban Development (HUD). The 2016 Amendment expanded the Plan Area by five acres to include a portion of the former City Hall block on 8th Avenue at High Street and the East Park Block area. The four goals of the Plan are to (1) improve the function, condition, and appearance of the Plan Area, (2) eliminate blight and blighting influences, (3) strengthen the economic conditions of the Plan Area, and (4) enhance downtown's role as the regional economic, governmental, and cultural center and a central location for public and private development and investment.

According to ORS 457.010, "blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community. A blighted area is characterized by the existence of one or more of the following conditions:

- (a) The existence of buildings and structures, used or intended to be used for living, commercial, industrial, or other purposes, or any combination of those uses, that are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:
 - (A) Defective design and quality of physical construction;
 - (B) Faulty interior arrangement and exterior spacing;
 - (C) Overcrowding and a high density of population;
 - (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities; or
 - (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses.
- (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;
- (c) The division or subdivision and sale of property or lots of irregular form and shape and inadequate size or dimensions for property usefulness and development;
- (d) The laying out of property or lots in disregard of contours, drainage and other physical characteristics of the terrain and surrounding conditions;
- (e) The existence of inadequate streets and other rights of way, open spaces and utilities;
- (f) The existence of property or lots or other areas that are subject to inundation by water;
- (g) A prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are inadequate for the cost of public services rendered;
- (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety, and welfare; or
- (i) A loss of population and reduction of proper utilization of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.

A total of ___ properties (___%) out of a total of ___ surveyed in the Downtown Urban Renewal District are determined to have blighted conditions. In addition to the ___ properties with blighted conditions, ___ locations found in roads, public walkways, and sidewalks also have blighted conditions. These conditions are so prevalent and consistent in the area that the city concludes that the entire Downtown Urban Renewal District area is blighted. The blighted conditions impact the safety, health and welfare of the community through potentially unsafe conditions for accessibility through deteriorating public rights-of-way, deficiencies in maintenance of public buildings and open spaces, decreased property values and taxable values, extensive vacancies, and outdated structural designs that are deteriorating. The evidence of blight and blighting influences reduces the economic activity in the area, leading to lowered value and a disincentive to invest. Additional information about blight findings can be found in the Property Analysis Report (Exhibit C to the Ordinance).

Chapter 5: Relationship Between Existing Conditions and Each Project Activity Undertaken in the Plan

All Projects set forth in Section 600 of the Plan are intended to correct the existing deficiencies in the Plan Area as described in this report (see Chapter 2).

The projects in Section 600 of the Plan are:

- 1) Housing;
- 2) Physical improvements to increase safety and comfort; and
- 3) Emerging projects directed/initiated by the Agency Board.

The projects address the challenges that the face the downtown core, as identified through a robust community outreach effort in Fall of 2022, known as Downtown Priorities and Projects. That effort built on community outreach conducted over the previous few years and complementary professional recommendations. The Downtown Priorities and Projects effort led to recommended improvements for Eugene's downtown (which includes the Plan Area) in six categories: Housing; Public Safety; Social Services; Commercial Activity and Development; Public Spaces and Mobility; and Events and Culture. Staff presented a summary of the Downtown Priorities and Projects recommendations to the Agency Board in January 2023.

A. Housing

The Plan Area has long been challenged by under-utilized or vacant buildings. These structures create empty spaces between active uses that lack vibrancy and add to a perceived lack of safety. The COVID-19 pandemic has exacerbated this problem. Office buildings that were previously full of daytime workers prior to the 2020 pandemic are now much less full. Some buildings have leased space to commercial firms, but the employees at those firms choose to work from home many, if not all, days of the work week.

This shift in office work patterns has reduced the viability of commercial activity in the Plan Area. The reduced number of daytime office workers has reduced demand for commercial office space. In addition, the lack of daytime office workers has reduced the number of people buying goods and services near those offices, making it more difficult for ground-floor retail activity to be financially viable.

Increasing the supply of housing addresses these problems. Converting under-utilized commercial buildings to residential uses will fill in empty spaces in the Plan Area. New housing units will attract people who will in turn increase demand for retail goods and services and expand the number of people walking throughout the Plan Area, enhancing vitality and perceptions of safety.

Expanding the Plan Area's housing supply also supports Eugene's efforts to resolve housing issues and reduce per capita carbon emissions, described in the following documents:

- The Housing Implementation Pipeline (HIP) summarizes the City's goals, efforts, and coordination of housing production across the Eugene community. The HIP has a goal of issuing 6,000 permits for new housing units by the end of FY27 to address the undersupply of housing in Eugene. Increasing the number of housing units in the Plan Area will help support this goal.

- The Climate Action Plan 2.0 (CAP 2.0) identifies strategies that the Eugene community can take to address climate change. The CAP 2.0 states that housing policy is a cornerstone of any City's climate policy, because housing units built close to transit, jobs, and other amenities allow residents to access the community using fewer vehicle trips. Downtown already offers all these amenities. The CAP 2.0 identifies specific actions that the City can take to encourage compact development.
 - Action T10 – Plan to meet all of the 20-year multi-family housing and commercial job needs within the existing Urban Growth Boundary (UGB). This action includes planning to integrate new development and redevelopment in the downtown, on key transit corridors, and in core commercial areas.
 - Action T11 – Make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas. This includes removing regulatory barriers, allowing flexible uses within industrial and commercial land use codes, reducing financial obstacles, restructuring SDCs for smaller additional incentives, and ensuring the transportation system can support planned densities.

An important reason for the lack of housing in the Plan Area is the relatively high cost of construction in dense areas. Downtown sites are often constrained construction sites. The lack of 'elbow room' means more complicated logistics for the builder to manage. The sites often do not have on-site staging areas and have a higher likelihood of needing street/sidewalk closures compared to construction in less dense neighborhoods.

Many properties in the downtown have existing structures on them. Some of these structures could be converted from prior commercial uses to residential uses, but the financial feasibility of the project is hampered by the cost of the existing building. In addition, the change of use triggers requirements for seismic upgrades and Systems Development Charges (SDCs) to cover the cost of adding to infrastructure systems. These costs can render the cost of redevelopment to be equal to the cost of new development. Redevelopment may require paying for an existing building and elevated construction costs.

Some properties in the Plan Area may not easily convert from prior commercial uses to residential uses. For example, some buildings have very large floor plates. These large rectangular plates leave little opportunity for individual residential units to have windows, a required safety feature for every bedroom. Resolving the issue will require drastically altering an existing building or demolishing the structure entirely. This adds to the cost of construction.

Although the cost of constructing housing is higher in the downtown than in other less dense areas, expanding the housing supply will increase Plan Area's vitality and address other policy priorities of the community.

The availability of incentives and predictability of the funds directly impacts the creation of new housing units. An ongoing fee assistance program that covers fees related to construction of housing would create an incentive for the projects, while also continuing to fund the programs and activities those fees pay for (such as the infrastructure capacity for

new growth). For example, the Transportation System Plan and Parks and Rec System Plan, and their companion SDC project lists, not only provide capacity for new development, they also serve as integral plans to meeting the goals of Envision Eugene, the Climate Recovery Ordinance and the Climate Action Plan 2.0

B. Physical Improvements to Increase Safety and Comfort

Improvements to the public right of way benefit downtown workers, visitors, and residents, as well as the community at large with a safe and attractive downtown center. Blighted conditions in these areas include barren spaces with broken and deteriorated pedestrian walkways, poorly lit walkways, lack of amenities such as seating or drinking water, and areas that do not meet accessibility standards. The expenditure of urban renewal funds for the spaces will improve or remove blighted conditions, which will in turn provide a healthier and safer place for Eugene residents and visitors to congregate.

There is significant new development north of the Plan Area, in the 5th Street Market District, and east of the Plan Area near the University of Oregon. Existing street crossings and pedestrian walkways that connect to these newly improved areas are narrow and uninviting. For the Plan Area to flourish it should have street connectivity to ensure multiple mobility modes can easily access the Plan Area. Enhancing these public spaces will create an improved environment, so that the on-street experience is pleasant and perceived to be safe. Enhancing connectivity for multiple modes of mobility will encourage individuals to cross streets into the Plan Area.

Street, curb, and sidewalk improvements will improve deteriorated spaces that are uneven and inaccessible. Improvements will make the pedestrian environment safe, accessible, and attractive, which will enhance the pedestrian experience as individuals move from within and through the Plan area. These improvements are consistent with the CAP 2.0, Action T7, which states the City of Eugene will develop a sidewalk infill program and strategy for upgrading unimproved streets and connectivity to parks, shopping, and important community resources.

C. Emerging Projects Directed/Initiated by the Agency Board

The Plan Area includes centrally located parks and public facilities that serve the whole community. The Parks Blocks at 8th Avenue and Oak Street play an outsized role in the community compared to their size. They have hosted the Saturday Market for decades, attracting local residents and visitors to city center. The newly constructed Farmers Market Pavilion has enhanced the setting for the Lane County Farmers Market, expanding the Market's season and number of visitors. The City-owned Hult Center is the region's premier entertainment venue, attracting visitors from across Oregon and beyond our state's borders.

These public facilities range in age from brand new to many decades old. Investing in older facilities, so they remain relevant and safe, will ensure that they continue to attract local residents and visitors to the city center. Some facilities have not been updated to meet current accessibility standards or expanded market demand.

For example, the Park Blocks are difficult to navigate for individuals with limited mobility. Not only are the concrete areas uneven due to wear and tear, but the design of the area also

includes steps, not ramps. Accessibility standards have changed and the Park Blocks—in the heart of the City—should be accessible to the whole community. Urban renewal funds could support enhancements to update the Plan Area.

Another example is the City-owned conference center located in and operated by the Graduate Hotel, adjacent to the Hult Center. Market analyses conducted for Travel Lane County have shown that conferences that have long been held in the facility are outgrowing it—Oregon’s population has grown but that facility has not. Investing urban renewal funds in an expansion of conference facilities would ensure that it continues to attract regional activity to Eugene.

Urban renewal funds would also support physical improvements to privately owned properties to improve the look and feel of the Plan Area and enhance the experience of downtown residents, workers, and visitors. The Agency would be stimulating economic activity and bringing positive ground-floor presence to the street by assisting with façade improvements or investing to make properties more marketable for a variety of uses.

Chapter 6: Estimated Total Cost of Each Project or Activity, Sources of Money, and Anticipated Completion Date for Each Project or Activity

This Report on the 2023 Amendment includes the estimated cost of Projects to be carried out following the adoption of the amendment.

Table 5 lists the project activities included in the Plan and estimated costs for each spending scenario. Because elements of each project are yet to occur or will not be known until implemented, there is a range of opportunities within each project. The estimated range gives a sense of scale and scope that could be possible. Below is a short description of each of the projects.

A. Projects

1. Housing

Approximately ___ [A = 66%, B = 51%, C = 50%] of funding would be allocated to support the creation of new housing.

For **Development Fee Assistance**, funds would be allocated based on projects meeting criteria approved by the Agency Board. Funds could be allocated to pay up to 100% of development fees. It is assumed it would take about 4 years from allocating funds to a project to when construction would be completed. Funds would be allocated during the Plan period with the final units estimated to be completed by ___ [A = FY35, B = FY39, C = FY43]. Total cost is dependent on the specifics of developments undertaken, and any future adjustment of fee rates during the years ahead. Estimating based on development fees for recently completed projects in and near downtown, fees could be approximately \$10,000 per unit, which would result in the following estimate of units:

- Scenario A: \$6.98 million - about 700 residential units
- Scenario B: \$6.98million – about 700 residential units
- Scenario C: \$8.38 million – about 840 residential units

For **Land Acquisition**, total cost is dependent on the properties being acquired. Approximately half of the funds allocated for housing are estimated to be for land acquisition (___ [A = \$6.98 million, B = \$6.98 million, C = \$8.38 million]). As stated in the Plan, Agency Board approval is required before land will be acquired or sold.

2. Physical Improvements to Increase Safety and Comfort

It is estimated approximately ___ [A = 17%, B = 20%, C = 20%] of funding would be allocated to physical improvement projects that increase safety and comfort. Funds would be allocated during the Plan period. Actual costs will depend on projects and priorities.

3. Emerging Projects Directed/Initiated by the Agency Board

It is estimated approximately ___ [A = 17%, B = 29%, C = 30%] of funding would be allocated to activities listed in Section 600 C, Emerging Projects Directed/Initiated by the Agency Board, which includes Community Facilities, Open Space Improvements, and Development Support. Further study is needed to determine costs, feasibility, and timing for possible Community Facilities. Based on 2022 estimates, Park Blocks renovations could range from \$4 million to \$13 million depending on how much of the project the Agency chooses to pursue. Development Support will depend on the need and will be administered according to the rules in the Plan.

B. Project Delivery Administration

Actions for this activity include program administration (project management, loan and grant administration, support for ongoing investments within the Plan Area, public engagement, financial services, debt issuance and administration); legal services; reporting (budgets, financials); preparation of market, feasibility, or other economic studies; preparation of design, architectural, engineering, landscaping architectural, planning, development, or other developmental studies; providing accounting or audit services; providing special rehabilitation, restoration, or renovation feasibility and cost analysis studies; assisting in preparation of the annual financial reports required under Sections 800 and 900 of the Plan; providing property acquisition appraisals; and evaluation of the plan and the success of its activities. Many of the activities are provided through a contract between the City of Eugene and the Agency dated June 15, 2004. The Agency may also acquire, rent, or lease office space and office furniture, equipment, and facilities necessary to conduct its affairs in the management and implementation of this plan.

Projections for district administration assume that once the projects are complete, district administration expenses will be reduced to a level that will be sufficient to run the loan and grant program, support ongoing investments within the Plan Area, and ensure administration of outstanding debt, budget development, annual review of project activities, and financial report preparation. Specifically, the administration projection summarized in the bullet points below includes staffing for project delivery, ongoing financial administration, and the loan and grant program. Additional items in the

projection include legal and consulting fees necessary to protect the City/Agency and complete the Projects, debt issuance cost needed for the Projects, and property management shown below for the largest maximum indebtedness increase of \$50 million.

- **Project delivery**
 - Average of 2.7 FTE at an average cost of \$661,000 per year FY25 through FY43; personnel costs are projected to increase 5% per year due to inflation and higher health and retirement costs
- **Legal costs, public engagement, financial administration, overhead and miscellaneous**
 - \$200,000 average per year FY25 through FY43; higher in the early years and a smaller amount for maintenance over time
- **Debt issuance costs**
 - \$100,000 when issued; to be determined

Table 5. List of Project Activities and Cost Ranges (Year of Expenditure Costs)

Project Activity	A = \$30M	B = \$40M	C = \$50M
Housing - Development Fee Assistance	\$ 6,984,000	\$ 6,984,000	\$ 8,379,000
Housing - Land Acquisition	\$ 6,984,000	\$ 6,984,000	\$ 8,379,000
Physical Improvements to Improve Safety and Comfort	\$ 3,598,000	\$ 5,384,000	\$ 6,704,000
Emerging Projects	\$ 3,598,000	\$ 8,075,000	\$ 10,055,000
Debt Issuance Costs	\$ 100,000	\$ 100,000	\$ 100,000
Project Delivery and Administration	\$ 8,736,000	\$ 12,473,000	\$ 16,383,000
Total	\$ 30,000,000	\$ 40,000,000	\$ 50,000,000

Source: Tiberius Solutions

* The amounts provided in Table 5 are estimates. The Agency Board will approve actual amounts to be spent on individual projects after project details are reviewed. The Agency Board may ultimately approve spending for an individual project above or below the estimates listed in this table; however, the total spending for all projects will not exceed the 2023 cumulative spending limit (maximum indebtedness) of [A = \$96 million, B = \$106 million, C = \$116 million].

Project implementation will begin in FY24. Decisions on priorities of funding for Projects will be made by the Agency Board at regular Agency Board meetings, all of which are open to the public. Construction of the projects contemplated in the 2023 Amendment is expected to be completed by ___ [A = FY35, B = FY39, C = FY43]. Debt issued to fund the projects is estimated to be paid off by ___ [A = FY35, B = FY39, C = FY43] depending on future tax increment revenue levels.

The Agency shall convene not less than once each year the Expenditure Review Panel to (1) prepare a report on the activities of the Agency for the previous fiscal year, and (2) determine whether the Agency's expenditure of tax increment dollars was limited to the Projects and the associated administrative costs authorized by the Plan.

Chapter 7: Estimated Amount of Money and Anticipated Year in Which Indebtedness will be Retired or Otherwise Provided For Under ORS 457.420 to 457.460

The contribution from the Agency for projects is estimated at about ___ [A = \$37.3 million, B = \$51.6 million, C = \$66.7 million], including interest and other costs. The projects will be funded with a combination of urban renewal tax increment financing under ORS 457 and other sources. The Agency may apply for funding from other federal, state, and local grants in order to complete the projects. In addition, the community facilities included within the Plan may also be funded in part with other public funds, such as systems development charges and general obligation bonds, among other sources.

Oregon Revised Statutes require that each urban renewal district that receives property taxes include a “maximum indebtedness” limit in their urban renewal plan. “Maximum indebtedness” is a required spending cap for all property tax expenditures over a period of time. “Maximum indebtedness” is not a legal debt limit; it is more like a spending limit.

Adopting a maximum indebtedness figure does not authorize or obligate the Agency to spend money or enter into debt. Within the maximum indebtedness limitation, the Agency Board has the ability to fund projects over time, either with cash or by issuing debt.

Certain expenditures are included in the maximum indebtedness calculation and certain expenditures are excluded. For instance, cash payments for projects and administrative expenses are included in the calculation, but expenditures made from sources other than tax increment revenues are not included in the spending limit, such as Downtown Loans program funds. In addition, interest on debt is not included in maximum indebtedness, nor is the refinancing of existing indebtedness.

The City Council amended the Plan in 1998 to include a maximum indebtedness limit of \$33 million. The \$33 million figure represented the amount that the Agency was allowed to cumulatively spend in tax increment revenues starting in 1998. That figure excluded existing debt and was based on the estimated cost of building a new main library, plus continuation of the administrative costs in the district, preparing annual financial statements, disposing of the former Sears building on 10th Avenue and Charnelton Street (which is now the site of the new LCC Downtown Campus), overseeing completion of the Broadway Place and Overpark elevator projects, and administering the loan portfolio.

In 2010, the maximum indebtedness limit of \$33 million was almost fully spent or committed, with the bulk having been spent on building the downtown library. City Council amended the Plan in order to complete three projects: LCC downtown campus; Farmers’ Market improvements, and assuming the Broadway Place Garages debt. Maximum indebtedness was increased by \$13.6 million, which resulted in a revised maximum indebtedness figure of \$46.6 million for the cumulative spending in the Plan Area from 1998 to the end of the Plan. This revised maximum indebtedness amount was the estimated amount needed to accomplish the three additional projects and to provide for district administration.

In 2016, the maximum indebtedness was almost fully spent or committed on the three projects included in the 2010 Amendment. City Council amended the plan in order to

accomplish four additional projects: Park Blocks and open space improvements, year-round Farmers Market, high-speed fiber, and 1059 Willamette redevelopment. Maximum indebtedness was increased by \$19.4 million, which resulted in a revised maximum indebtedness figure of \$66.0 million for the cumulative spending in the Plan Area from 1998 to the end of the Plan.

The 2020 Amendment removed the project specific spending cap on the amount of tax increment funds for the Farmers Market project, but did not increase the overall amount of maximum indebtedness.

The 2023 Amendment increases the maximum indebtedness as shown in Table 6 below, adds specific projects to the Plan, and includes general updating.

Table 6. Maximum Indebtedness Calculation

Amendment	Maximum Indebtedness Increases
1998 Plan Amendment	\$33.0M
2010 Plan Amendment	\$13.6M
2016 Plan Amendment	\$19.4M
2020 Plan Amendment	No maximum indebtedness increase
2023 Plan Amendment	[A = \$30M, B = \$40M, C = \$50M]
<i>Total Maximum Indebtedness</i>	[A = \$96M, B = \$106M, C = \$116M]

Table 7 in Exhibit D includes information about future revenues and expenditures in the Plan Area. The timing and amounts for individual project activities will be determined by the Agency Board and every other year during the biennial budget process. Completion dates for individual activities may be affected by changes in the plans of other private or public partners, local economic and market conditions, changes in the availability of tax increment funds, and changes in priorities for carrying out project activities.

Current projections show that the tax increment revenues should be sufficient to pay for the projects and associated debt by ____ [A = FY35, B = FY39, C = FY43]. The district would cease collecting tax increment funds once there are sufficient tax increment funds available to repay all debt issued or obligations created to fund the Projects.

These projections of future tax increment revenues account for mandatory revenue sharing (i.e., underlevying) as described in ORS 457.470. In all years after the annual tax increment revenues equal or exceed ten percent of the initial maximum indebtedness of the Plan, the Agency must begin to “share” a portion of the increment value with overlapping taxing districts. This results in only a portion of the increment value being used for the purposes of calculating tax increment revenues. This financial forecast anticipates that the Plan will be subject to revenue sharing beginning in FY28, though the actual timing will depend upon actual collections of tax increment revenues.

Chapter 8: Financial Analysis of the Plan with Sufficient Information to Determine Feasibility

The financial analysis of the plan shown in Table 7 in Exhibit D includes the anticipated tax increment revenues over the projected remaining life of the Plan. The analysis shows that the anticipated tax increment revenues are based on reasonable projections of new development and appreciation in existing property values. The projection of tax increment revenues is based on the following assumptions:

- Property assessed values will increase by 3% per year, which includes increases on existing property as well as a small amount of new investment in existing downtown area properties.
- No significant, new taxable development is anticipated during the next several years.

The projections result in urban renewal tax revenues between FY24 and ____ [A = FY35, B = FY39, C = FY43] of approximately ____ [A = \$37.3 million, B = \$51.6 million, C = \$66.7 million]. Together with other revenues and existing fund balances, these revenues will support ____ [A = \$30 million, B = \$40 million, C = \$50 million] of increased maximum indebtedness plus the interest on the debt to fund the 2023 Amendment projects. In addition to the redevelopment projects, the revenues will be sufficient to pay for other obligations, such as project delivery and administrative activities, including an allocation of overhead costs. Those costs are projected to increase over time due to inflation and higher health and retirement costs at a rate of about 5% per year.

The Agency will also carry a balance equal to two months of operating costs each year, per City of Eugene financial policy and a debt service reserve account, if required by lenders.

Chapter 9: Fiscal Impact Statement that Estimates the Impact of the Tax Increment Financing, Both Until and After the Indebtedness is Repaid, Upon All Entities Levying Taxes Upon Property in the Plan Area

Taxing bodies that overlap with the Plan Area are affected by the use of tax increment funds to implement the Plan. When a district is first created, the assessed value within the Plan Area is established as the “frozen base.” This is a way of keeping the overlapping taxing districts “whole” as of the date the urban renewal district is created. Property taxes from the overlapping jurisdictions (schools, general governments) are then divided among the jurisdictions that continue to receive taxes on the frozen base. In theory, urban renewal investments will spur additional development and the assessed value of the district will grow above the base. That increase is called the “incremental value” or “excess value.” The Agency receives taxes on the incremental value. This has an impact on the amount of revenue that the overlapping jurisdictions receive, versus what they would have received if there were no urban renewal districts in effect.

A. Impact on Tax Bills

In addition to the impact on the overlapping taxing jurisdictions, urban renewal also makes individual tax bills look different. Urban renewal districts do not impose new taxes; rather, they redistribute taxes from overlapping taxing districts to the urban renewal districts. There are two basic steps to understand how an individual's tax bill is affected by tax increment financing in Oregon. The first step determines the amount of property taxes that the urban renewal agency should receive, and the second step determines how the taxes are accounted for on property tax statements.

The first step consists of applying the tax rates of the taxing districts (such as the city, county, and school districts) to the incremental value of the urban renewal district. That product is the amount of taxes that the urban renewal agency should receive. The second step determines how to divide or split the tax rates of the taxing districts so that when those "divided rates" are applied to all tax bills in the city, the urban renewal agency receives its share, and the taxing districts receive the remainder. As of January 2023, there were eight urban renewal districts in Lane County, and the calculation is done for each of these districts.

The Lane County Assessor determines how the tax rates for the schools, city, and county are divided between the taxing districts and the urban renewal districts. As an example, the City's permanent tax rate is \$7.0058 per \$1,000 of assessed value. For the FY22 tax year, the Lane County Assessor divided that tax rate into three pieces: \$6.8511 goes to the City of Eugene, \$0.0774 goes to the Downtown Urban Renewal District, and \$0.0773 goes to the Riverfront Urban Renewal District. This calculation is done for each tax rate on the tax bill.

With the information from the Lane County Assessor about the division of tax rates, an analysis can determine how an individual tax bill is affected by urban renewal division of tax. For the typical Eugene home that the Lane County Assessor calculated for FY22, this taxpayer would pay the same amount of total taxes before or after urban renewal division of taxes. The only difference is that some of the tax revenues go to the urban renewal districts, instead of to the overlapping taxing districts. Table 8 in Exhibit E sets out this calculation for the typical taxpayer in Eugene. As can be seen, **the before and after urban renewal views of this taxpayer's bill are exactly the same.**

B. Impact on Tax Rates

Prior to the 2023 Amendment, the Downtown Urban Renewal District was a "reduced rate plan" under State statutes, which meant that property taxes used to fund urban renewal activities were limited to the permanent tax rates and any bonded debt levies approved by voters prior to October 2001. Per updated State statutes, the 2023 Amendment turns the Plan into a "permanent rate plan", meaning it may only take taxes from the permanent rate levies going forward. Bonded debt levies will no longer be impacted by this urban renewal plan. This change will have no impact on district revenues starting in FY24 given that bonds approved by voters prior to October 2001 will be paid off in FY23.

C. Impact on Overlapping Taxing District Revenues

A share of property taxes from the “excess value” or “incremental value” is not collected by the overlapping jurisdictions during the period of an active district, which is foregone revenue. The incentive for the overlapping districts to support urban renewal is higher property tax revenues in the long run and potential direct and indirect benefit from the urban renewal funded projects.

The estimated amount of urban renewal taxes to be divided over the remaining term of the Plan (net of discounts, delinquents, etc.) is shown in Table 9 in Exhibit F. As can be seen in the table, in FY24, it is estimated that the City of Eugene would forego about \$1.44 million of revenue because of the Downtown Urban Renewal District division of tax calculation. In ___ [A = FY36, B = FY40, C = FY44] after tax increment financing is terminated, the City of Eugene is estimated to receive ___ [A = \$1.74 million, B = \$1.81 million, C = \$1.97 million] of additional tax revenue per year. Lane County is estimated to forego \$264,000 of revenue in FY24, and to receive ___ [A = \$317,000, B = \$331,000, C = \$359,000] of additional tax revenue per year in ___ [A = FY36, B = FY40, C = FY44] after division of tax is terminated.

The impact on school districts from the termination of the urban renewal district is more complicated. Table 9 shows the foregone taxes, excluding any impacts from tax rate compression under Measure 5 and Measure 50 and excluding any impacts from the State school funding formula. Compression occurs when levied property taxes exceed the Measure 5 limits of \$5 per \$1,000 of real market value for education taxes (or \$10 per \$1,000 for general government taxes). If taxes exceed that limit, a property is in ‘compression’ and the taxes are reduced until the limits are met. Table 9 shows that the combined school districts (4J, Lane Community College, and Lane Education Service District) are estimated to forego \$1.15 million of revenue in the first fiscal year, and to benefit by ___ [A = \$1.39 million, B = \$1.45 million, C = \$1.57 million] of additional annual tax revenue in ___ [A = FY36, B = FY40, C = FY44] after the division of tax is terminated. This is not the complete story, however.

The impact on schools from the division of tax calculation for urban renewal districts is largely an impact on the State’s budget because schools are mainly funded on a per-pupil funding formula (rather than by the level of property tax dollars generated within their boundaries). The State determines how much money must be allocated for the education of each pupil across the state. If the money is not available from local property taxes, the State will make up the difference. If more funds are available through local school property taxes, the State would have additional dollars to allocate as it chooses. In other words, the State can choose to allocate any extra money to education or to some other budgetary priority. If the State chooses to keep the money in education, some of that money would return to schools and education service districts based on the applicable statewide school funding formula and the rest would be distributed to school and education service districts across Oregon.

The Lane County Assessor conducted an analysis of the impact of the Downtown Urban Renewal District on School District 4J's local option levy, including the impacts of tax rate compression in FY22. The analysis, which is included as Table 10 in Exhibit G, shows that the Downtown Urban Renewal District currently provides 4J an estimated net benefit of

\$150,000 per year. Table 10 shows the impact of tax rate compression in the education category for an additional 569 properties that would occur if the Downtown District were not collecting division of tax revenue.

This analysis concludes that 4J is better off financially if the Downtown Urban Renewal District continues to collect tax increment funds than it would be if tax increment financing were terminated. The reason is that taxes that are currently counted under the “general government” category for Measure 5 tax rate limitations (i.e., the “school property tax dollars” that now go to urban renewal) would move into the “education” category. When that happens, the education category of taxes must be reduced for a number of individual properties within the City because schools are already collecting as much as they can under Measure 5 limits for those properties. State law says that local option levy proceeds are the first to be reduced in the event of compression.

In order to understand the Lane County Tax Assessor’s analysis for 4J impact for FY22, there are three factors to consider:

1. Revenue from 4J’s permanent levy would increase by approximately \$810,000, for a net gain of approximately \$20,000 after applying the State school funding formula. (4J receives about 3% of the total State-wide funding.) This is the best-case scenario that assumes all else is equal, and the State decides to provide more funding for schools as a result of having more property tax revenue available.
2. 4J would lose about \$170,000 of local option levy proceeds (after discounts and delinquencies) if the Downtown District no longer collects tax increment funds because of compression. The State funding formula does not apply to local option levies, so the full impact of this reduction would be felt in 4J’s budget. Both of these estimates are based on FY22 tax roll information and would vary in future years with changes in market conditions.
3. There is also a one-time impact. If tax increment collections are terminated, there would be a return of any excess tax increment funds collected by the Downtown District to the overlapping taxing districts. The amount returned would depend on how much tax increment is on hand at the time of the calculation, which cannot be estimated at this time. However, the State confirmed that this would not represent additional money to be spent on education in 4J; rather, it would go through the State school funding formula, and 4J would receive about 3% of the total on a one-time basis.

In summary, 4J would experience an ongoing loss in its budget of about \$150,000 annually as a result of terminating tax increment collections in the Downtown District and a one-time impact of about 3% of any one-time funds provided to the State. Lane Education Service District is also funded through the State School Fund and would experience similar impacts as 4J on the permanent rate levy, however, Lane Education Service District does not have a local option levy. Lane Community College is also funded on a formula according to classes taken, not directly through permanent rate property taxes.

Table 11 shows the impacts to taxing districts in FY44, which is the first year after the Downtown District is expected to terminate taking division of taxes in scenario C (\$50 million). Some definitions help with the understanding of this table:

- Frozen Base is the total assessed value of the District at the time it was established. 'Revenue from Frozen Base' is the tax revenue from that assessed value.
- Excess Value is the growth in assessed value in the District from the time it was established, also known as 'increment.' 'Revenue from Excess Value Used' is the tax revenue received by the urban renewal agency from the excess value. This column represents the estimated new revenue that overlapping taxing districts would receive in FY44 upon termination of Downtown District division of taxes (excluding the aforementioned State school fund and compression impacts).
- 'Revenue from Excess Value Shared' is the taxes received by the taxing districts from the excess value that was subject to revenue sharing. The excess value becomes subject to revenue sharing (i.e., not subject to the division of tax) in all years after the annual tax increment revenues equal or exceed ten percent of the initial maximum indebtedness of the Plan.
- 'Total Revenue at District Termination' reflects the full taxes from the assessed value of the properties within the District at termination of the District.

Table 11 – Estimated Revenue in FY44 After Termination of Downtown Urban Renewal District

Taxing District	Type	Tax Rate per \$1,000 of AV	Revenue from Frozen Base	Revenue from Excess Value Used	Revenue from Excess Value Shared	Total Revenue at District Termination
General Government						
City of Eugene	Permanent	7.0058	\$236,000	\$1,968,000	\$929,000	\$3,133,000
Lane County	Permanent	1.2793	\$43,000	\$359,000	\$170,000	\$572,000
Upper Willamette Soil & Water	Permanent	0.0700	\$2,000	\$20,000	\$9,000	\$31,000
Education						
Eugene SD 4J	Permanent	4.7485	\$160,000	\$1,334,000	\$630,000	\$2,124,000
Lane Community College	Permanent	0.6191	\$21,000	\$174,000	\$82,000	\$277,000
Lane ESD	Permanent	0.2232	\$8,000	\$63,000	\$30,000	\$100,000
Total		13.9459	\$470,000	\$3,917,000	\$1,849,000	\$6,237,000

Source: Tiberius Solutions

Chapter 10: Relocation Report

A. Requirement

An analysis of the existing residences or businesses required to relocate permanently or temporarily as a result of Agency actions under ORS 457.170.

Response

No specific relocation activity is identified in the Plan. If urban renewal assistance results in relocation requirements, a relocation plan will be developed for that purpose. Relocation activities and assistance would be provided in accordance with ORS 35.500 through 35.530.

B. Requirement

A description of the methods to be used for the temporary or permanent relocation of persons living in and businesses situated in, the Plan Area in accordance with ORS 35.500 through 35.530.

Response

No specific relocation activity to be initiated by the Agency is identified in the Plan. If urban renewal assistance results in relocation requirements, a relocation plan will be developed for that purpose. Relocation activities and assistance would be provided in accordance with ORS 35.500 through 35.530.

C. Requirement

An enumeration, by cost range, of the existing housing units in the Plan Area to be destroyed or altered and new units to be added.

Response

No specific existing housing units are proposed to be removed by actions of the Plan.

D. Requirement

A description of new residential units which are likely to be constructed within the Plan Area.

Response

Some new residential units are expected to be constructed within the Plan Area.

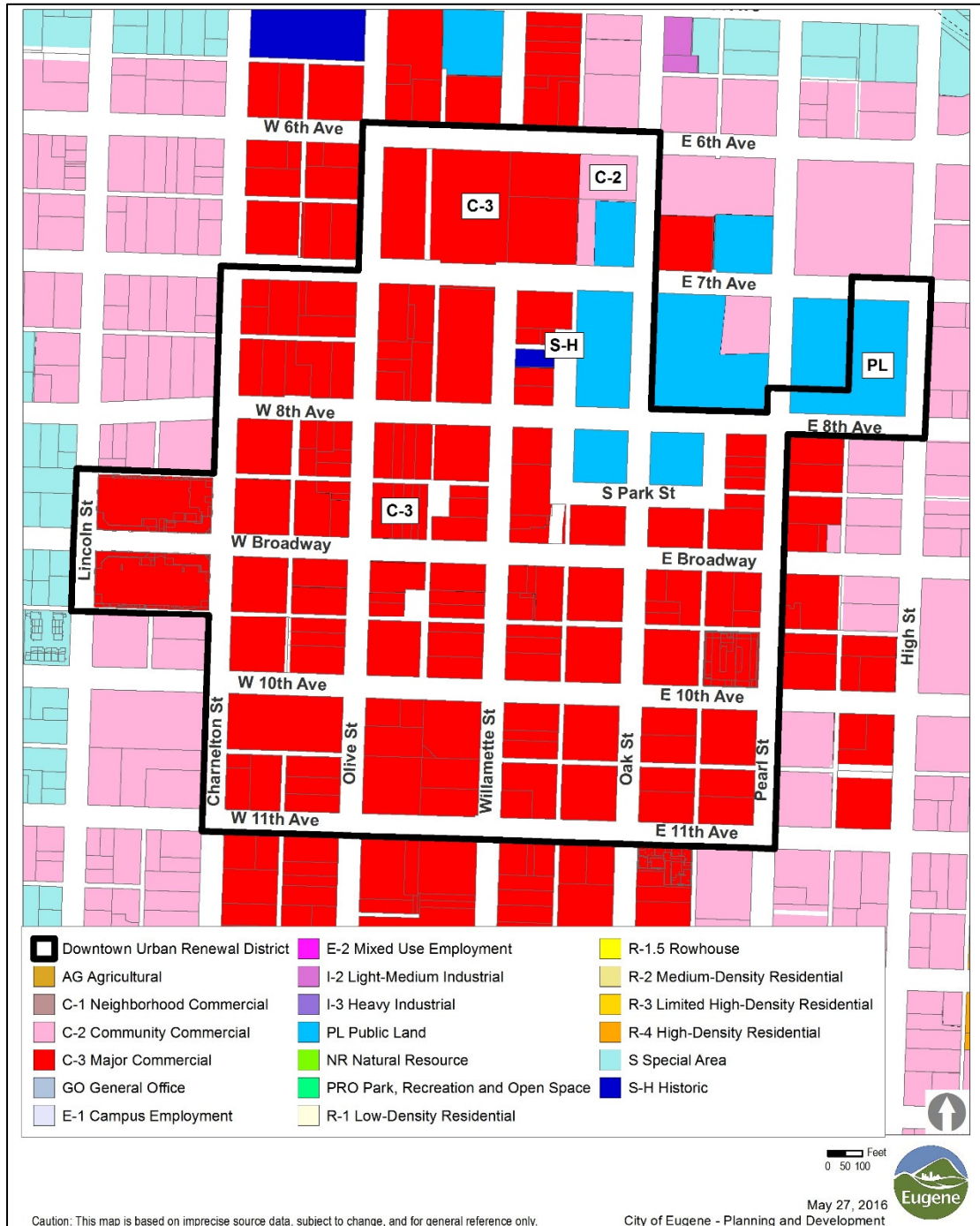
Chapter 11: Appendix

- Exhibit A: Plan Area Map
- Exhibit B: Zoning District Map
- Exhibit C: Census Boundaries Map
- Exhibit D: Table 7 – Projected Revenues and Expenditures for the Plan Area
- Exhibit E: Table 8 – Impact of Urban Renewal on an Individual Tax Bill
- Exhibit F: Table 9 – Estimated Division of Tax Impact of the Plan on Overlapping Taxing Jurisdictions, FY24 – FY43
- Exhibit G: Table 10 – Estimated Impact of Downtown District Tax Increment Collections on Overlapping Jurisdictions, FY22 Tax Data (Including the impact of State school funding formula and Measure 5/50 tax rate compression)

Report Exhibit A – Plan Area Map



Report Exhibit B – Zoning District Map



Report Exhibit C – Census Boundaries Map

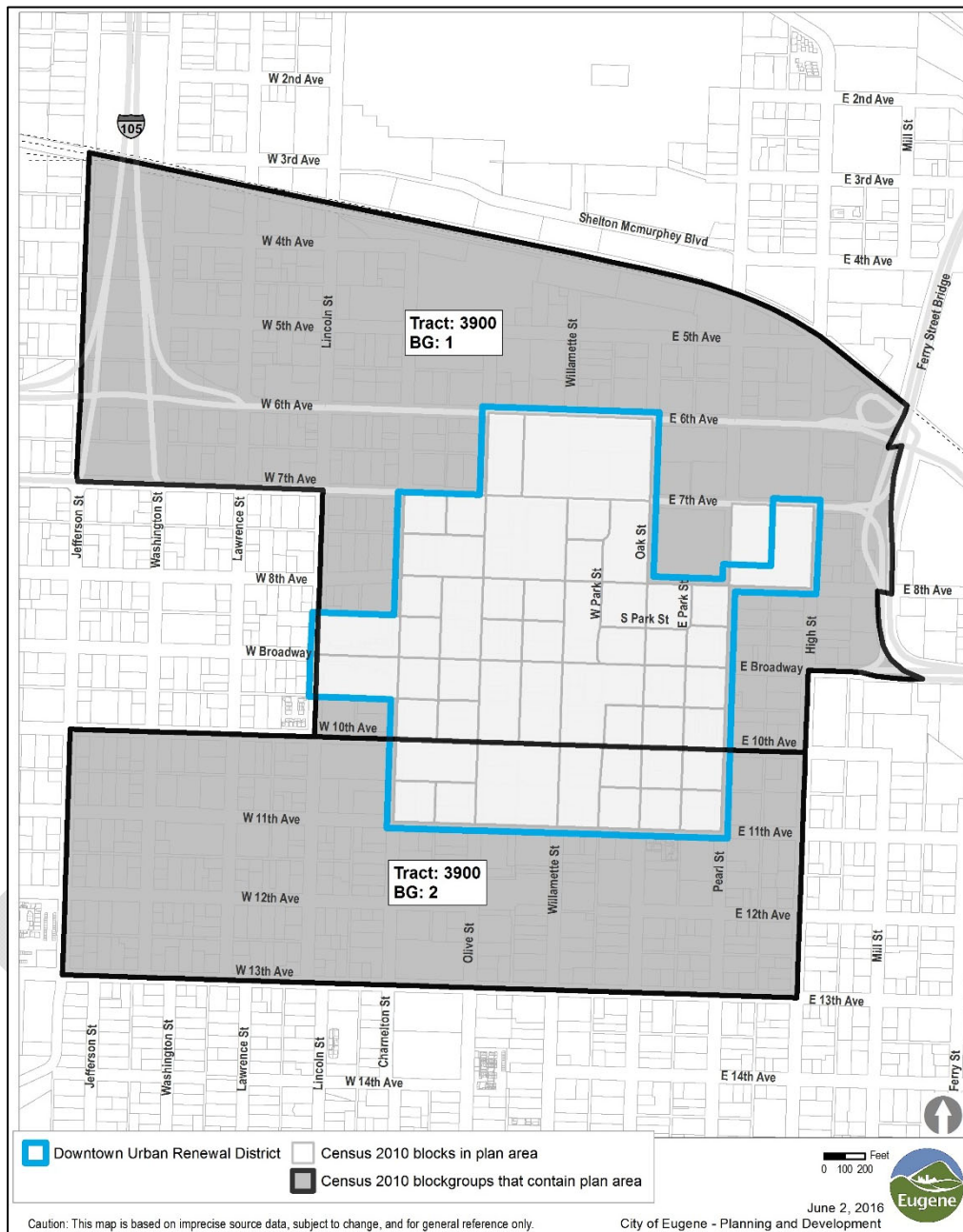


Table 7 shows estimated revenues, expenditures and allocation to projects over the life of the Plan (project timing may vary). This table reflects Scenario C, a \$50 million increase in maximum indebtedness. Scenario A (\$30 million) would terminate in FY35, and Scenario B (\$40 million) would terminate in FY39. See Table 5 for project allocations under each scenario.

Report Exhibit D: Table 7 – Projected Revenues and Expenditures for the Plan Area (page 1)

	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Resources								
Beginning Working Capital		2,395,000	-	-	-	-	-	-
Interest Earnings	12,000	12,000	-	-	-	-	-	-
Tax Increment Revenues	66,678,000	2,875,000	2,974,000	3,077,000	3,183,000	3,210,000	3,238,000	3,267,000
Bond/Loan Proceeds	22,100,000	-	22,100,000	-	-	-	-	-
Total Resources	91,185,000	5,282,000	25,074,000	3,077,000	3,183,000	3,210,000	3,238,000	3,267,000
Requirements								
Debt Service								
Existing Debt Service	2,197,000	2,197,000	-	-	-	-	-	-
New Debt Service	37,639,000	-	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Subtotal	39,836,000	2,197,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Existing Maximum Indebtedness								
Project Delivery and Administration	583,000	583,000	-	-	-	-	-	-
Subtotal	583,000	583,000	-	-	-	-	-	-
New Maximum Indebtedness								
Housing - Development Fee Assistance	8,380,000	433,000	5,554,000	68,000	86,000	83,000	101,000	99,000
Housing - Land Acquisition	8,380,000	433,000	5,554,000	68,000	86,000	83,000	101,000	99,000
Physical Improvements	6,704,000	346,000	4,443,000	54,000	69,000	67,000	81,000	79,000
Emerging Projects	10,057,000	519,000	6,665,000	82,000	103,000	100,000	122,000	119,000
Debt Issuance Costs	100,000	-	100,000	-	-	-	-	-
Project Delivery and Administration	16,383,000	-	778,000	825,000	858,000	896,000	852,000	890,000
Subtotal	50,000,000	1,730,000	23,094,000	1,097,000	1,203,000	1,229,000	1,257,000	1,286,000
Funded by Program Revenue		-	-	-	-	-	-	-
Downtown Loans Program	771,000	771,000	-	-	-	-	-	-
Subtotal	771,000	771,000	-	-	-	-	-	-
Total Requirements	91,185,000	5,282,000	25,074,000	3,077,000	3,183,000	3,210,000	3,238,000	3,267,000
Ending Fund Balance		-	-	-	-	-	-	-
Annual Impact on Maximum Indebtedness	50,583,000	2,314,000	23,094,000	1,097,000	1,203,000	1,229,000	1,257,000	1,286,000
Cumulative Maximum Indebtedness Used to Date		67,730,000	90,824,000	91,921,000	93,123,000	94,353,000	95,610,000	96,896,000

Source: Tiberius Solutions

Table 7 shows estimated revenues, expenditures and allocation to projects over the life of the Plan (project timing may vary). This table reflects Scenario C, a \$50 million increase in maximum indebtedness. Scenario A (\$30 million) would terminate in FY35, and Scenario B (\$40 million) would terminate in FY39. See Table 5 for project allocations under each scenario.

Report Exhibit D: Table 7 – Projected Revenues and Expenditures for the Plan Area (page 2)

	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
Resources								
Beginning Working Capital	-	-	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-	-	-
Tax Increment Revenues	3,297,000	3,327,000	3,359,000	3,392,000	3,425,000	3,460,000	3,495,000	3,532,000
Bond/Loan Proceeds	-	-	-	-	-	-	-	-
Total Resources	3,297,000	3,327,000	3,359,000	3,392,000	3,425,000	3,460,000	3,495,000	3,532,000
Requirements								
Debt Service								
Existing Debt Service	-	-	-	-	-	-	-	-
New Debt Service	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Subtotal	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Existing Maximum Indebtedness								
Project Delivery and Administration	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
New Maximum Indebtedness								
Housing - Development Fee Assistance	97,000	102,000	107,000	122,000	120,000	148,000	146,000	211,000
Housing - Land Acquisition	97,000	102,000	107,000	122,000	120,000	148,000	146,000	211,000
Physical Improvements	78,000	82,000	85,000	98,000	96,000	118,000	117,000	168,000
Emerging Projects	116,000	122,000	128,000	147,000	144,000	177,000	176,000	253,000
Debt Issuance Costs	-	-	-	-	-	-	-	-
Project Delivery and Administration	928,000	939,000	952,000	922,000	965,000	889,000	929,000	709,000
Subtotal	1,316,000	1,347,000	1,378,000	1,411,000	1,444,000	1,479,000	1,515,000	1,551,000
Funded by Program Revenue	-	-	-	-	-	-	-	-
Downtown Loans Program	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total Requirements	3,297,000	3,327,000	3,359,000	3,392,000	3,425,000	3,460,000	3,495,000	3,532,000
Ending Fund Balance	-	-	-	-	-	-	-	-
Annual Impact on Maximum Indebtedness	1,316,000	1,347,000	1,378,000	1,411,000	1,444,000	1,479,000	1,515,000	1,551,000
Cumulative Maximum Indebtedness Used to Date	98,212,000	99,559,000	100,937,000	102,348,000	103,793,000	105,272,000	106,786,000	108,338,000

Source: Tiberius Solutions

Table 7 shows estimated revenues, expenditures and allocation to projects over the life of the Plan (project timing may vary). This table reflects Scenario C, a \$50 million increase in maximum indebtedness. Scenario A (\$30 million) would terminate in FY35, and Scenario B (\$40 million) would terminate in FY39. See Table 5 for project allocations under each scenario.

Report Exhibit D: Table 7 – Projected Revenues and Expenditures for the Plan Area (page 3)

	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043
Resources					
Beginning Working Capital	-	-	-	-	-
Interest Earnings	-	-	-	-	-
Tax Increment Revenues	3,570,000	3,609,000	3,649,000	3,690,000	3,049,000
Bond/Loan Proceeds	-	-	-	-	-
Total Resources	3,570,000	3,609,000	3,649,000	3,690,000	3,049,000
Requirements					
Debt Service					
Existing Debt Service	-	-	-	-	-
New Debt Service	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Subtotal	1,981,000	1,981,000	1,981,000	1,981,000	1,981,000
Existing Maximum Indebtedness					
Project Delivery and Administration	-	-	-	-	-
Subtotal	-	-	-	-	-
New Maximum Indebtedness					
Housing - Development Fee Assistance	212,000	213,000	215,000	216,000	47,000
Housing - Land Acquisition	212,000	213,000	215,000	216,000	47,000
Physical Improvements	170,000	170,000	172,000	173,000	37,000
Emerging Projects	255,000	256,000	258,000	259,000	56,000
Debt Issuance Costs	-	-	-	-	-
Project Delivery and Administration	740,000	776,000	807,000	846,000	882,000
Subtotal	1,589,000	1,628,000	1,668,000	1,709,000	1,068,000
Funded by Program Revenue	-	-	-	-	-
Downtown Loans Program	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Requirements	3,570,000	3,609,000	3,649,000	3,690,000	3,049,000
Ending Fund Balance	-	-	-	-	-
Annual Impact on Maximum Indebtedness	1,589,000	1,628,000	1,668,000	1,709,000	1,068,000
Cumulative Maximum Indebtedness Used to Date	109,927,000	111,555,000	113,223,000	114,932,000	116,000,000

Source: Tiberius Solutions

Although Table 7 does not show a specific ending fund balance in future fiscal years, it is likely the Downtown District will maintain an ending fund balance to be determined through the biennial budget process and also a debt service reserve, if required by lenders.

Report Exhibit E: Table 8 – Impact of Urban Renewal on an Individual Tax Bill

	Taxes	Taxes Directed To:			Taxes	
	Before UR Reallocation	Taxing Districts	Downtown UR District	Riverfront UR District	After UR Reallocation	Difference
Education Taxes						
Eugene School District 4J	\$1,094.88	\$1,065.25	\$14.83	\$14.80	\$1,065.25	(\$29.63)
Eugene School District 4J LOL	345.86	345.86	0.00	0.00	345.86	0.00
Lane Community College	142.75	139.61	1.57	1.57	139.61	(3.14)
Lane Education Service District	51.46	50.36	0.55	0.55	50.36	(1.11)
Total	\$1,634.95	\$1,601.08	\$16.95	\$16.92	\$1,601.08	(\$33.87)
General Government Taxes						
City of Eugene	\$1,615.35	\$1,579.68	\$17.85	\$17.82	\$1,579.68	(\$35.67)
City of Eugene Library LOL	37.38	37.38	0.00	0.00	37.38	0.00
City of Eugene Parks & Rec LOL	41.32	41.32	0.00	0.00	41.32	0.00
Lane County	294.97	288.47	3.25	3.25	288.47	(6.50)
Lane County 4-H/Extension LOL	6.46	6.46	0.00	0.00	6.46	0.00
Lane County Public Safety LOL	126.82	126.82	0.00	0.00	126.82	0.00
Upper Willamette Soil & Water	16.14	15.82	0.16	0.16	15.82	(0.32)
Eugene UR Downtown District	0.00	0.00	0.00	0.00	38.25	38.25
Eugene UR Riverfront District	0.00	0.00	0.00	0.00	45.84	45.84
Total	\$2,138.42	\$2,095.93	\$21.26	\$21.24	\$2,180.02	\$41.60
Bonded Debt Taxes						
City of Eugene Bond I	\$4.38	\$4.29	\$0.05	\$0.05	\$4.29	(\$0.09)
City of Eugene Bond II	190.34	188.24	0.00	2.10	188.24	(2.10)
Eugene School District 4J Bond II	348.07	343.37	0.00	4.70	343.37	(4.70)
Lane Community College Bond II	52.11	51.56	0.00	0.55	51.56	(0.55)
Lane Community College Bond III	25.43	25.16	0.00	0.28	25.16	(0.28)
Total	\$620.33	\$612.61	\$0.05	\$7.68	\$612.61	(\$7.72)
Total Taxes						
	\$4,393.71	\$4,309.62	\$38.25	\$45.84	\$4,393.71	\$0.00

Source: Lane County Assessment & Taxation, Table 4e, Detail of Urban Renewal Plan Areas by Taxing District, Tax Year 2021-22. Note: Calculations based on assessed value of \$230,573 for typical Eugene home per Lane County Assessor media release October 2021.

Notes:

1. See Chapter 9 "Impact on Overlapping Taxing District Revenues" section for more information on net impact to schools.
2. The 2023 Amendment will eliminate the future division of tax impact on bonded debt taxes in the Downtown District.

Report Exhibit F: Table 9 – Estimated Division of Tax Impact of the Plan on Overlapping Taxing Jurisdictions, FY24 – FY43

FY	City of Eugene	Lane County	Upper Willamette Soil & Water	Eugene School District 4J	Lane Community College	Lane Education Service District	Total
2024	\$1,444,000	\$264,000	\$14,000	\$979,000	\$128,000	\$46,000	\$2,875,000
2025	\$1,494,000	\$273,000	\$15,000	\$1,013,000	\$132,000	\$48,000	\$2,974,000
2026	\$1,546,000	\$282,000	\$15,000	\$1,048,000	\$137,000	\$49,000	\$3,077,000
2027	\$1,599,000	\$292,000	\$16,000	\$1,084,000	\$141,000	\$51,000	\$3,183,000
2028	\$1,612,000	\$294,000	\$16,000	\$1,093,000	\$142,000	\$51,000	\$3,210,000
2029	\$1,627,000	\$297,000	\$16,000	\$1,102,000	\$144,000	\$52,000	\$3,238,000
2030	\$1,641,000	\$300,000	\$16,000	\$1,112,000	\$145,000	\$52,000	\$3,267,000
2031	\$1,656,000	\$302,000	\$17,000	\$1,122,000	\$146,000	\$53,000	\$3,297,000
2032	\$1,672,000	\$305,000	\$17,000	\$1,133,000	\$148,000	\$53,000	\$3,327,000
2033	\$1,687,000	\$308,000	\$17,000	\$1,144,000	\$149,000	\$54,000	\$3,359,000
2034	\$1,704,000	\$311,000	\$17,000	\$1,155,000	\$151,000	\$54,000	\$3,392,000
2035	\$1,721,000	\$314,000	\$17,000	\$1,166,000	\$152,000	\$55,000	\$3,425,000
2036	\$1,738,000	\$317,000	\$17,000	\$1,178,000	\$154,000	\$55,000	\$3,460,000
2037	\$1,756,000	\$321,000	\$18,000	\$1,190,000	\$155,000	\$56,000	\$3,495,000
2038	\$1,774,000	\$324,000	\$18,000	\$1,203,000	\$157,000	\$57,000	\$3,532,000
2039	\$1,793,000	\$327,000	\$18,000	\$1,215,000	\$158,000	\$57,000	\$3,570,000
2040	\$1,813,000	\$331,000	\$18,000	\$1,229,000	\$160,000	\$58,000	\$3,609,000
2041	\$1,833,000	\$335,000	\$18,000	\$1,242,000	\$162,000	\$58,000	\$3,649,000
2042	\$1,854,000	\$338,000	\$19,000	\$1,256,000	\$164,000	\$59,000	\$3,690,000
2043	\$1,531,000	\$280,000	\$15,000	\$1,038,000	\$135,000	\$49,000	\$3,049,000
Totals:							
C:\$50M	\$33,495,000	\$6,116,000	\$335,000	\$22,703,000	\$2,960,000	\$1,067,000	\$66,676,000
B:\$40M	\$25,920,000	\$4,733,000	\$259,000	\$17,568,000	\$2,291,000	\$826,000	\$51,596,000
A:\$30M	\$18,738,000	\$3,422,000	\$187,000	\$12,700,000	\$1,656,000	\$597,000	\$37,299,000

Source: Tiberius Solutions

Notes:

1. Tax increment revenue will need to be collected in FY 2024 to repay previous maximum indebtedness of the District, regardless of the amendment to increase the maximum indebtedness.
2. Shaded rows are maximum indebtedness by Scenarios A (\$30 million), B (\$40 million), and C (\$50 million).
3. Property tax collections for all years is projected to be 95%.
4. Analysis does not include impact on School District 4J's local option levy, which currently benefits from the existence of the urban renewal districts. Additionally, the impact on schools is really an impact on the State's budget because schools are mainly funded on a per-pupil funding formula rather than by the level of property tax dollars generated within their boundaries. See Chapter 9 "Impact on Overlapping Taxing District Revenues" section for more information and Exhibit G – Table 10.
5. Existing property values are projected to increase 3% per year.
6. The final year for each scenario assumes only a partial year of tax increment collection is needed to reach maximum indebtedness.

Report Exhibit G: Table 10 – Estimated Impact of Downtown District Tax Increment Collections on Overlapping Jurisdictions¹, FY22 Tax Data (Including the impact of State school funding formula and Measure 5/50 tax rate compression)

Taxing District	Levy	<u>With</u> Downtown Tax Increment ¹	<u>Without</u> Downtown Tax Increment ¹	Difference	Estimated Revenue If Downtown District Ends Tax Increment Collection ²
EDUCATION					
Eugene School District 4J	Permanent Rate	65,854,942	66,698,123	843,181	20,000 ³
Eugene School District 4J	Local Option Levy (LOL)	22,583,195	22,406,493	(176,702)	(170,000)
Lane Community College	Permanent Rate	10,559,124	10,667,630	108,506	104,000
Lane Education Service District	Permanent Rate	3,808,608	3,846,826	38,218	36,000
Total Education		\$102,805,869	\$103,619,072	\$813,203	(\$10,000)
GENERAL GOVERNMENT					
City of Eugene	Permanent Rate	120,414,945	121,775,327	1,360,382	1,300,000
City of Eugene	Library LOL	2,849,082	2,849,082	-	-
City of Eugene	Parks and Rec LOL	3,149,636	3,149,636	-	-
Lane County	Permanent Rate	21,989,683	22,237,508	247,825	236,000
Lane County	4-H/Extension LOL	1,057,157	1,057,157	-	-
Lane County	Public Safety LOL	20,765,725	20,765,725	-	-
Upper Willamette Soil & Water	Permanent Rate	1,205,732	1,218,034	12,302	11,000
Eugene Urban Renewal Downtown	Urban Renewal	2,708,072	-	(2,708,072)	(2,585,000)
Eugene Urban Renewal Riverfront	Urban Renewal	3,220,716	3,220,716	-	-
Total General Government		\$177,360,748	\$176,273,185	(\$1,087,563)	(\$1,038,000)
BONDS					
City of Eugene	Bond I	326,919	330,437	3,518	3,000
City of Eugene	Bond II	14,349,300	14,349,300	-	-
Eugene School District 4J	Bond II	21,365,213	21,365,213	-	-
Lane Community College	Bond II	3,926,424	3,926,424	-	-
Lane Community College	Bond III	1,915,797	1,915,797	-	-
Total Bonds⁴		\$41,883,653	\$41,887,171	\$3,518	\$3,000
TOTAL		\$322,050,270	\$321,779,428	(\$270,842)	(\$1,045,000)

Notes:

1. Data provided by Lane County Assessment & Taxation, tax year 2021-22.
2. Revenue estimates adjusted for discounts, delinquencies, State school funding formula, and compression.
3. Assumes that legislature allocates the additional property taxes to schools throughout the State and 4J receives approximately 3% of the total.
4. The 2023 Amendment turns the Plan into a "permanent rate plan", meaning it may only take taxes from the permanent rate levies going forward. Bonded debt levies will no longer be impacted by this urban renewal plan.

Downtown Priorities and Projects

This attachment includes the list of Downtown Priorities and Projects presented to the Agency Board in January 2023. The list consists of six categories: Housing, Public Safety, Social Services, Commercial Activity & Development, Public Spaces & Mobility, and Events & Culture. There are priorities listed within each category, and possible projects and programs listed under each priority. The possible projects were pulled from ideas from the community, staff, and existing City policies and plans.

The actions identified to address the six categories are a broad mix of operational activities and physical improvements. Many could fall into more than one category. To advance the most effective actions that emerged from the public engagement, City staff created an inter-departmental Downtown Action Team in January 2023. This team will assess the ideas on the list based on criteria such as: cost, potential funding sources, feasibility, effectiveness, and alignment with existing City policies. The team will also evaluate the timing and urgency of each and how a racial equity and accessibility lens could be applied. This list is intended to be a living document that will evolve as projects are evaluated or implemented.

Housing	
Priority: Support creation of a mix of new housing affordable across income levels	Urban Renewal Eligible?
Project examples:	
Incentivize market-rate and/owner-occupied housing in the downtown core (e.g. cover SDCs and permits, offer reduced-cost land, low-interest loans)	Yes
Bolster existing programs that support creation of housing for people with low and very-low incomes	Yes
Revamp MUPTE or create new tax holiday program to incentivize housing	
Incentivize redevelopment of vacant office buildings into housing with ground-floor commercial (e.g. cover SDCs and permits, grants, loans)	Yes
Encourage rehabilitation of older multi-story rental housing south and east of the downtown core.	

Public Safety	
Priority: Increase and improve public safety presence downtown	Urban Renewal Eligible?
Project examples:	
Expand non-law enforcement public safety and outreach services (e.g. Downtown Ambassadors)	
Combine non-law enforcement public safety teams (e.g. Downtown Ambassadors and Red Hats)	
Expand law enforcement in downtown	
Establish gentle policing presence, set expectations about acceptable behaviors, and follow through	
Bring more diverse law enforcement representation downtown	
Priority: Improve physical environment to support public safety	
Project examples:	
Expand court program where minor infractions are worked off by cleaning up downtown	
Make physical improvements to discourage anti-social and criminal behavior (e.g. lighting, sidewalk infrastructure)	Yes

Social Services	
Priority: Identify needed social services in the downtown area, in coordination with ongoing community-wide efforts	Urban Renewal Eligible?
Project examples:	
Expand behavioral health crisis and addiction services in downtown (e.g. proactive outreach and create physical location)	Depends
Provide a facility with services such as showers, bathrooms, places to sit down, make phone calls	Yes
Create or support youth center that provides programming and activities as well as services	Yes
Increase coordination between providers (crisis and social services)	

Commercial Activity & Development	
Priority: Strengthen downtown's commercial environment	Urban Renewal Eligible?
Project examples:	
Activate vacant spaces with temporary activity (e.g. "pop-up shops")	
Incentivize positive commercial use and/or discourage vacancy	Depends
Promote active storefronts & activity on both sides of the street (recruit active uses, physical improvements)	Depends
Recruit businesses to serve downtown residents and workers (e.g. hardware store, pharmacy, etc.)	
Subsidize rent to support growing and new businesses	
Invest in improvements to vacant or underutilized commercial spaces to increase flexibility and marketability	Yes
Launch/expand marketing campaign to promote existing downtown businesses	
Support the creation of wet lab/incubator space	Yes
Expand the square footage of convention facilities downtown	Yes
Expand free parking options to support commercial activity	Depends
Priority: Encourage redevelopment in strategic locations	
Project examples:	
Invest in private development at strategic publicly owned locations (E.g. McAyels, Future City Hall, 8th/Pearl)	Yes
Incentivize redevelopment of vacant or underutilized privately-owned parcels (including surface parking lots)	Yes

Public Spaces & Mobility	Urban Renewal Eligible?
Priority: Improve the user, pedestrian, and multi-modal experience downtown	
Project examples:	
Repair and enhance sidewalks	Yes
Install more lighting features	Yes
Improve bicycle/non-motorized vehicular facilities	Yes
Clean the streets and sidewalks on a more regular basis	
Provide more trash cans	Yes
Build or provide more public restrooms	Yes
Improve connections between traditional downtown core and the Market District, the Riverfront, and the UO	Yes
Create a pedestrian connection across the railroad tracks between the end of Willamette Street and Skinner Butte.	Yes
Conduct a “walkability” assessment to determine needed pedestrian improvements in downtown.	Yes
Create more public spaces that attract families and youth; provide places to play, sit, and attend events (ex: Farmers Market Pavilion)	Yes
Priority: Upgrade/redevelop City-owned public spaces	
Project examples:	
Complete Park Blocks renovation	Yes
Improve Kesey Square	Yes
Redevelop public space at 10th/Olive intersection (LTD/Library/LCC/Atrium)	Yes
Complete Willamette Connection Phase 2	Yes
Locate a play structure for kids near the Park Blocks.	Yes
Priority: Create a sense of place when in downtown	
Project examples:	
Include signs, public art, and landscaping at the gateways to downtown along Broadway and Willamette.	Yes
Implement a historic plaque program and walking tour.	Yes
Provide a prominent entrance to downtown from East Broadway near Mill Street.	Yes

Events & Culture		Urban Renewal Eligible?
Priority: Strengthen downtown's role as Eugene's Cultural hub		
Project examples:		
Increase small-scale, regular programming that creates a positive atmosphere (e.g. banner program, busking program, concerts, windowfront installations)		Depends
Create more regular weekly events (i.e. Saturday and Farmers Markets)		
Host annual/seasonal community gatherings downtown (e.g. Eugene Celebration, Halloween, Fiesta Cultural)		
Host or support art and cultural activities that increase inclusion, diversity, and equity (e.g. events, public art, Multi-Cultural Center)		Depends
Support relocation and development of museum(s) Downtown (e.g. art, childrens', history, Eugene Science Center)		Yes

Preliminary Project Implementation Information

To be eligible for Urban Renewal funds, a project must be included in the Plan Amendment. However additional work and research is needed for each of the proposed projects to move forward. This document provides preliminary information on what implementation and allocations of funds could look like should Council approve the draft Proposed 2023 Amendment to the Downtown Urban Renewal Plan, included in Attachment A.

Proposed Project Focus Areas

A. Housing

In order to support the creation of new housing in the Downtown Urban Renewal District, the draft 2023 Plan Amendment adds two eligible activities:

1) Development Fee Assistance

Summary: Under this program, Urban Renewal funds would be used to pay for development fees that result in the creation of new housing. Development fees paid by the Agency may include System Development Charges (SDCs), permit fees, and other government-imposed development fees. Eligible projects would include new housing either in new construction or redevelopment of existing buildings.

An important reason for the lack of housing in the Downtown core is the relatively high cost of construction in dense areas. Payment of development fees would help offset construction costs and make projects more financially feasible, while also continuing to fund the programs and activities those pay for (such as infrastructure capacity for new growth).

Implementation if Plan is approved: Staff would begin the process of drafting the program scope, including any eligibility criteria, for Agency Board consideration, feedback, and approval.

Staff estimates bringing an initial program scope to the Agency Board in the fall of 2023. In addition, the Agency Board would allocate funds for this program as part of the standard budgeting process. Funds would be allocated based on meeting the established criteria and available funds.

Downtown Priorities Addressed:

- Housing: Support creation of a mix of new housing affordable across income levels

2) Real Property Acquisition

Summary: Under this program, Urban Renewal funds could be used to acquire real property to support the creation of new housing in the Plan Area. Offering real property for reduced or no cost can help offset construction costs and make projects financially feasible. In addition, targeting underutilized properties in the Plan Area would support efforts to revitalize downtown.

Implementation if Plan is approved: Staff would begin developing a strategy for this project. Staff could identify a process to acquire property, for example, by identifying strategically located properties and conducting negotiations with the property owner. Staff could also identify publicly owned properties that have redevelopment potential. To dispose of properties at reduced costs, staff could identify a process and criteria to select qualified developers. Agency Board action is required before the acquisition or disposition of any real property in the Plan Area.

Downtown Priorities Addressed:

- Housing: Support creation of a mix of new housing affordable across income levels
- Commercial Activity and Development: Encourage redevelopment in strategic locations

B. Physical Improvements to Increase Safety and Comfort

Summary: Under this focus area, the Agency would be able to use Urban Renewal funds to make physical improvements to street, curb, sidewalk, and other right-of-way in the Plan Area to create safe, accessible, and welcoming spaces for users. Improvements could include street, curb, alley, and sidewalk improvements; streetscape projects; and pedestrian, bike, and multi-modal improvements

Improvements to the public right-of-way benefit downtown workers, visitors, and residents, as well as the community at large with a safe and attractive downtown core. In addition to improving the quality of Downtown public spaces, improvements to street, curbs, and sidewalks can accomplish other City goals related to public safety, alternative, low carbon transportation, local economic development, and events and culture.

Implementation if Plan is approved: Right-of-way improvement projects would be implemented on an as-needed basis. Any project that costs more than \$250,000 would require Agency Board approval. Community Development staff would work with other City divisions and private partners to determine needs and priorities and to coordinate implementation.

Downtown Priorities Addressed:

- Public Safety: Improve physical environment to support public safety
- Public Spaces and Mobility: Improve the user, pedestrian, and multi-modal experience downtown
- Public Spaces and Mobility: Upgrade/redevelop City-owned public spaces
- Public Spaces and Mobility: Create a sense of place when in downtown

C. Emerging Projects Directed/Initiated by the Agency Board**1) Community Facilities**

Summary: This focus area would allow for Urban Renewal funds to be used on the development of community facilities that would attract local residents and visitors to the city center. This could, for example, include improvements and expansion of the Eugene Conference Center, creation of a new cultural performance venue, or other types of community facilities.

Implementation if Plan approved: Should the Agency Board want to pursue a Community Facilities project, further study is needed to determine type, location, design, cost, ownership structure, feasibility, and timing. The Agency Board would have multiple opportunities to review specifics before deciding whether to pursue a Community Facilities project.

Downtown Priorities Addressed:

- Commercial Activity and Development: Strengthen downtown's commercial environment
- Commercial Activity and Development: Encourage redevelopment in strategic locations
- Events and Culture: Strengthen downtown's role as Eugene's Cultural hub

2) Open Spaces

Summary: This focus area allows for the use of Urban Renewal funds for revitalization of Open Spaces and Parks within the Plan Area. This could include implementation of projects identified by the 2016 Projects for Public Spaces study, *Places for People*, including revitalization of the Park Blocks, Kesey Square, and completion of phase 2 of the Willamette Connection.

Implementation if Plan approved: Agency Board direction is needed for this work to move forward. Further study is needed to determine design, costs, priorities, feasibility, and timing.

Downtown Priorities Addressed:

- Public Spaces and Mobility: Upgrade/redevelop City-owned public spaces
- Public Spaces and Mobility: Create a sense of place when in downtown

3) Development Support

Summary: To support development and commercial activities within the Plan Area, especially the revitalization of vacant storefronts and underutilized property, the Agency would be able to offer financial assistance for physical improvements to privately owned properties, such as renovating ground-floor storefronts or underutilized commercial spaces. Incentivizing improvements to buildings can lead to an enhanced experience for downtown residents, workers, and visitors. Updated commercial spaces could stimulate economic activity and bringing positive ground-floor presence to the street.

Urban Renewal funds could be used to acquire real property to support commercial activity in the Plan Area. Offering real property for reduced or no cost can help offset construction costs and make projects financially feasible, which could catalyze positive commercial activity.

Implementation if Plan approved: Staff would begin developing a strategy for these activities. Staff could identify a process to competitively offer funds for renovation (i.e., a Request for Proposals) or a simple application process, with clearly identified criteria. Such a program could be used to complement the existing Downtown Revitalization Loan Program, offering grants in combination with loans. Staff would begin the process of drafting the program scope for Agency Board consideration, feedback, and approval.

If the Agency chooses to acquire and dispose of property for commercial redevelopment, staff could identify strategically located properties and conduct negotiations with the property owner. To dispose of properties at reduced costs, staff could identify a process and criteria to select qualified developers. Agency Board action is required before the acquisition or disposition of any real property in the Plan Area.

Downtown Priorities Addressed:

- Commercial Activity and Development: Strengthen downtown's commercial environment
- Commercial Activity and Development: Encourage redevelopment in strategic locations

Spending Scenarios

The Proposed Amendment in Attachment A includes three possible spending scenarios for Agency Board consideration. Table 1 shows the increase to the District's total spending limit (i.e., maximum indebtedness) and the estimated number of years for the District to reach that new limit for the three proposed scenarios.

Table 1. Summary of Proposed Spending Limit Increases

Spending Scenario	Spending Limit Increase	Estimated extension
A	\$30 million	11 years (FY35)
B	\$40 million	15 years (FY39)
C	\$50 million	19 years (FY43)

Table 2 shows the estimated funds that would be available to the three proposed project focus areas for the three proposed spending scenarios. Chapter 6 in the Draft Report (Attachment B) provides detailed information about cost estimates. Table 2 shows the funds that would be available for project implementation, after the cost of project delivery, debt issuance costs, legal and consulting fees, and property management costs have been accounted for. The dollar figures in Table 2 are estimates. The Plan Amendment does not specify funding allocation to the different projects, giving the Agency Board and staff the ability to shift funds and processes to respond to shifting economic conditions.

Table 2. Estimated Amounts Available for Project Focus Areas

Spending Scenario	Proposed Project Focus Areas			Total ¹
	Housing	Physical Improvements	Emerging Projects	
A	\$14.0 million	\$3.6 million	\$3.6 million	\$21.2 million
B	\$14.0 million	\$5.4 million	\$8.1 million	\$27.5 million
C	\$16.8 million	\$6.7 million	\$10.1 million	\$33.6 million

1: Total amount does not include Project Delivery Administration or borrowing costs.

Under spending scenario A, staff estimates that approximately half of the Housing funds would be allocated for Development Fee Assistance. Based on development fees for recently completed multi-unit projects in and near downtown, staff estimates fees will be about \$10,000 per new unit. Therefore, staff estimates \$7 million could support the creation of about 700 units. This does not take into account real property acquisition for housing.

Spending scenario B includes the same amount of funding for Housing as scenario A, but would have additional funds available for Physical Improvements to Increase Safety and Comfort and for Emerging Projects Directed/Initiated by the Agency Board.

Spending scenario C would increase funding in all three focus areas. It is estimated that under this scenario, the Agency could support the creation of about 840 new housing units through the Development Fee Assistance program.

Downtown Urban Renewal District - Technical Details

Urban Renewal Basics

In Oregon, Urban Renewal is enabled by ORS 457 and is used to help cities and counties implement plans to revitalize specified areas within their jurisdiction. An Urban Renewal district has a Plan that documents planned investments and infrastructure improvements that stimulate private investment, leading to economic vitality and livability. Urban Renewal districts have an Agency Board and in Eugene, the City Council has the role of the Agency Board.

The primary revenue source for urban renewal is tax increment revenue. Tax increment revenue comes from property value increases since that district was created. To be eligible for tax increment revenue funds, projects must be included in the Urban Renewal District Plan. The identified projects in the Plan, however, can be specific (such as 'high-speed fiber'), or broad (such as 'infrastructure'). Urban Renewal funds can be used for purchase of real property, rehabilitation or construction of buildings, site improvements and costs related to those things, and improvements to streets, sidewalks, and utilities.

Tax Increment Revenue

The primary revenue source for Urban Renewal is tax increment revenue. Tax increment revenue comes from taxable property value increases since the district was created. These increased property values generate tax increment revenue, which is directed to the district. When an Urban Renewal district is first created, the assessed value within the district boundaries is established as the "frozen base." If any boundary expansions subsequently occur, the assessed value within the expansion area is added to the district's existing frozen base. Any new property taxes generated within that area through increased taxable value is called the "incremental" or "excess" value. Overlapping taxing jurisdictions continue to receive property taxes on the frozen base, while the Urban Renewal Agency receives property taxes related to the incremental value. This is called the "division of tax" method of raising revenue in an urban renewal district.

An Urban Renewal Plan identifies planned investments, their estimated costs, and expected tax increment revenue. The Plan sets a spending limit, known as the "maximum indebtedness." When an Urban Renewal district is established, taxing jurisdictions that overlap the district forgo some of the tax revenue they would otherwise collect from that area. Overlapping jurisdictions regain that revenue stream once the district expires. To the extent that the district increases assessed value over what would otherwise have occurred without Urban Renewal investment, the taxing districts should see an increase in tax revenues in the long term.

Although school property taxes are reduced as a result of urban renewal division of tax, in Oregon the net impact on an individual school system's operating budget is complicated because schools are funded by the state on a per-pupil basis. The state determines how much money must be allocated for the education of each pupil across the state. If the money is not available from local property taxes, the state will make up the difference. An additional factor is the impact of compression, which results in 4J experiencing a net benefit as a result of the Urban Renewal districts in Eugene. (See explanation below in "fiscal implications" section.)

Eligible Uses of Tax Increment Revenue Funds

To be eligible for tax increment funds, projects must be included in the Urban Renewal plan. The identified projects in the Plan, however, can be specific (such as 'high-speed fiber'), or broad (such as 'infrastructure').

The Urban Renewal Agency must determine the scope and types of projects that are included in the Urban Renewal plan. Oregon statutes (ORS 457.170) govern the types of projects that may be funded with tax increment funds:

- Plan and implement neighborhood development programs;
- Rehabilitation or conservation work;
- Repair and rehabilitation of buildings and improvements;
- Acquisition, sale, and lease of real property;
- Clearance or rehabilitation of property acquired by the URA;
- Construction or reconstruction of streets, utilities, and site improvements;
- Relocation of individuals living in the URA; and
- Carry out work which a housing authority is authorized to perform (under ORS 456.055 to 456.235).

Some Urban Renewal agencies use tax increment funds to pay all or some system development charges, building permit fees, or local improvement district assessments. These costs are part of 'site improvements,' which are allowed under state statute.

Process to Amend the Downtown Urban Renewal Plan

If Council wishes to continue to use Urban Renewal as a redevelopment tool in the Downtown District, it will need to approve a substantial Plan amendment, known as a "Type 1" amendment. A Type 1 amendment requires multiple steps and public outreach, which would take approximately four to six months from when Council starts the amendment process. The steps include:

1. Agency Board directs the Agency Director to prepare a draft of an amendment to the District Plan. This step initiates the staff work to draft the Plan and to conduct an analysis of blight in the District.
2. Agency Board holds a work session to start the Plan amendment process. Staff provides a draft Plan amendment for the work session.
3. Notify overlapping taxing districts and the general public.
 - Notify overlapping taxing districts that amendments are proposed and inform them of the proposed hearing date. Districts receive a copy of the draft Plan and are given 45 days to provide written comments.
 - Solicit concurrence from overlapping districts. (A Type 1 amendment requires concurrence.)
 - Mail out postcards to the general public and place materials and proposals on the City website.
4. Planning Commission reviews and comments on the proposed amendment.
5. City Council Public Hearing on the ordinance amending the Plan.
6. Council work session to review overlapping taxing district recommendations, comments from the public, and the Planning Commission recommendation.
7. Council meeting to consider the ordinance amending the Plan.

In order to amend the Downtown Urban Renewal Plan to retain the current level of tax increment revenues, Council would need to approve any amendment by June 2023. This estimate would allow for the 30-day referral period and, if referred, the necessary amount of time for the amendment to be placed on the November 2023 ballot.

Fiscal Implications – *If the Downtown Urban Renewal Plan is amended with an increase to the spending limit*

The Downtown District generates approximately \$2.6 million in tax revenue per year as of FY22. The \$2.6 million in annual revenue will continue to be directed to the District, and that revenue will continue to grow. Table 1 below shows estimates of tax revenue from the overlapping districts.

Table 1. Division of Tax Impact on Overlapping Taxing Jurisdictions as of FY22, Estimate of Current Property Taxes, Net of Discounts and Delinquencies

Taxing District	Type of Tax	Downtown
Education Taxes		
Eugene School District 4J	Permanent Rate	\$880,000
Eugene School District 4J	Local Option Levy	\$0
Lane Community College	Permanent Rate	\$115,000
Lane Education Service District	Permanent Rate	\$40,000
Total		\$1,035,000
General Government Taxes		
City of Eugene	Permanent Rate	\$1,300,000
City of Eugene	Library LOL	\$0
City of Eugene	Parks & Rec LOL	\$0
Lane County	Permanent Rate	\$235,000
Lane County	4-H/Extension LOL	\$0
Lane County	Public Safety LOL	\$0
Upper Willamette Soil & Water	Permanent Rate	\$10,000
Total		\$1,545,000
Bonded Debt Taxes		
City of Eugene	Bonded Debt	\$5,000
Eugene School District 4J	Bonded Debt	\$0
Lane Community College	Bonded Debt	\$0
Total		\$5,000
Total Taxes		\$2,585,000

Source: Lane County Assessment & Taxation, Table 4e, Detail of Urban Renewal Plan Areas by Taxing District, Tax Year 2021-22.

Note: Although local property taxes to schools are reduced as a result of the division of taxes, school budgets are only minimally reduced, all else being equal, because schools are funded through a per-pupil formula from the state, and any loss in local property taxes is made up by an increase in state funding. This chart does not take into account any effects of Measure 5 compression on education taxes.

If the Downtown Urban Renewal Plan is amended with an increase to the spending limit, the annual collection of tax increment revenue will eventually hit a cap per a newer state-mandated requirement in ORS 457.470. This annual cap does not affect the overall Plan spending limit, but rather it's a cap on the amount of tax increment revenue the District can collect in any one year. When the cap is reached, the annual tax increment revenue will plateau and remain flat in each subsequent year until the total spending limit of the Plan is realized. (Tax revenue beyond the annual cap would be directed to the overlapping taxing districts.) The practical impact of the annual cap is that it would take longer to collect enough tax increment revenue to reach the spending limit of the Plan. The annual cap can be waived if written concurrence is obtained from taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the urban renewal area.

Fiscal Implications – *if the District no longer collects revenue from the division of tax*

The tax increment revenue (approximately \$2.6 million per year) will be directed to the overlapping taxing districts. Under this scenario, the City's General Fund would receive approximately 50% of what the Downtown District collects (\$1.3 million per year as of FY22). Lane County would receive approximately 9% (\$235,000 per year as of FY22). Approximately 34% (\$880,000 per year as of FY22) would be collected on behalf of School District 4J, although it is important to note that the impact to 4J's would be negative (see below). The actual revenue received by the overlapping districts may not match the amounts shown in Table 1 due to 'compression.' Compression occurs when the tax amount calculation for an individual property exceeds the Measure 5 limits of \$5 per \$1,000 of Real Market Value (RMV) for education taxes and/or \$10 per \$1,000 RMV for general government taxes. A property in compression pays a lower tax rate than the sum of all applicable tax rates. The Downtown Urban Renewal District diverts permanent tax rate dollars out of the education category and into the general government category, which causes reduced compression in the education tax rate category for some properties.

It is important to note that if the Urban Renewal district no longer collects tax revenue, the impact to School District 4J's overall budget *would be negative*:

- **4J's permanent rate.** Schools in Oregon are primarily funded on a statewide per-pupil funding formula, rather than by the level of tax dollars generated within school district boundaries. If the local property tax revenue does not meet the per-pupil level, the state makes up the difference. If we assume a constant school funding formula and all else remains equal, staff estimate that 4J loses around \$20,000 annually as a result of permanent rate tax dollars diverted to the City's Downtown Urban Renewal district, much less than the amount of property tax revenue that flows to the District.
- **4J's Local Option Levy.** The Downtown District generates no revenue from the local option levy. However, it indirectly impacts the revenue generated by the levy, due to compression. The Urban Renewal District diverts permanent rate tax dollars out of the education category and into the general government category, which causes reduced compression in the education tax rate category for some properties. The end result is that 4J receives around \$170,000 more revenue from the local option levy annually because of the compression relieved by the Downtown Urban Renewal District. The state funding formula does not apply to local option levies, so 4J realizes the full benefit of this increase.

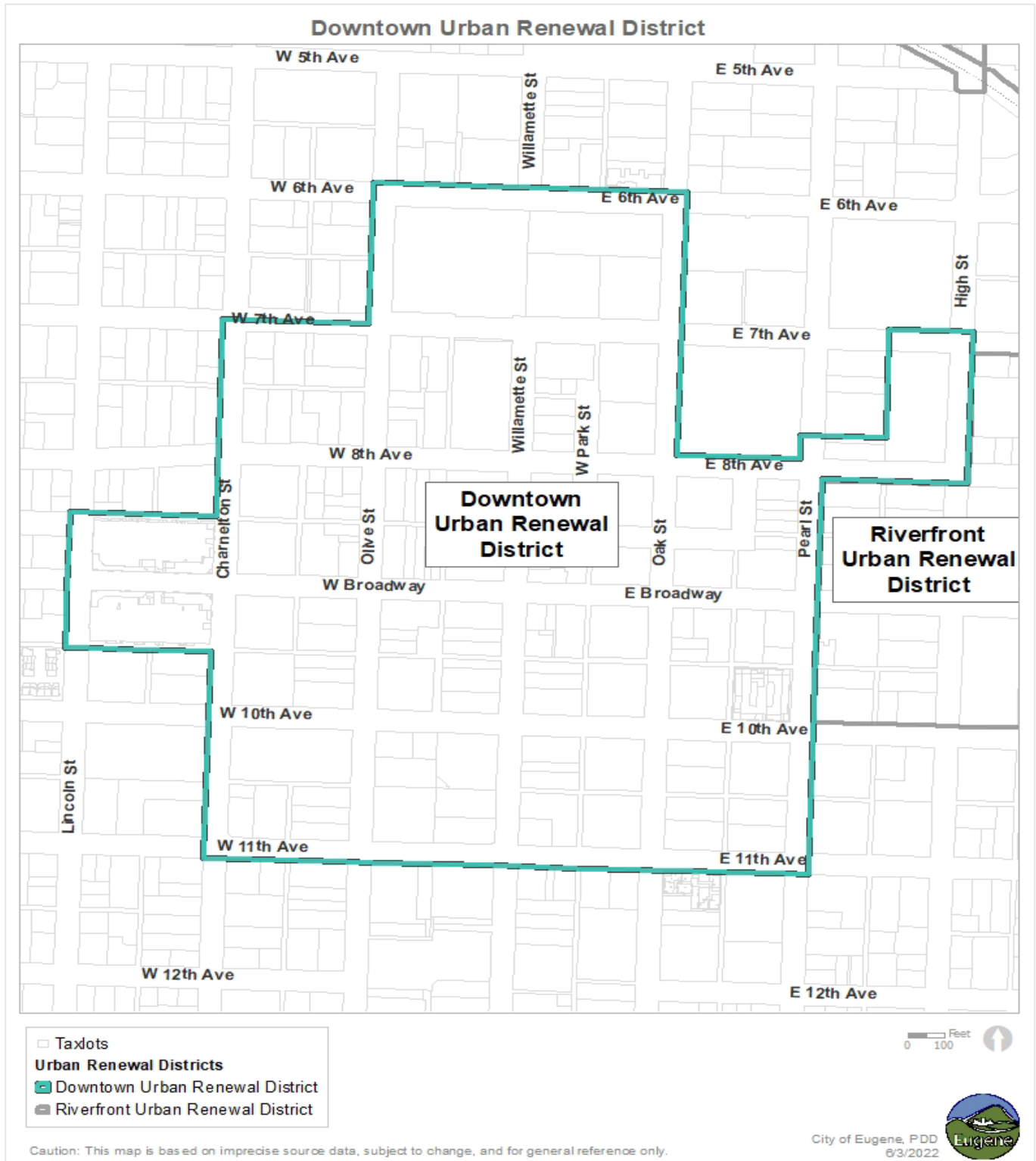
The net impact to 4J of the District ceasing to collect revenue from the division of tax is a decrease of approximately \$150,000.

Increasing the Frozen Base

In considering a new Urban Renewal Plan amendment, the Agency Board could consider increasing a District's frozen base. When an urban renewal district is first created, the assessed value within the district boundaries is established as the "frozen base." If any boundary expansions subsequently occur, the assessed value within the expansion area is added to the district's existing frozen base. Increases in the value of the district above the base amount is called the "incremental" or "excess" value. Overlapping jurisdictions continue to receive property taxes on the frozen base, while the Urban Renewal Agency receives property taxes related to the incremental value. This is called the "division of tax" method of raising revenue in an urban renewal district.

Under Oregon law, an Urban Renewal Agency has the authority to increase the frozen base. It is important to note that the ability to increase the frozen base is subject to certain limitations and restrictions and must be done in accordance with state law and the provisions of the urban renewal plan.

Map of Downtown Urban Renewal District



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Revenue Team

Meeting Date: April 12, 2023
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

The purpose of this item is to provide a revised recommendation for a revenue team to address funding options for unfunded service needs.

BACKGROUND

At the February 27, 2023, Budget Update work session, the City Council received a proposal for the creation of a revenue team to explore new revenue options and provide funding recommendations for urgent community services provided by the city in recent years that have not had ongoing funding identified for future service delivery.

Based upon Council feedback, a revised revenue team proposal (Attachment A) has been created that includes a process to further define the scope of services to be considered for new revenue by the revenue team as follows.

Prior to the first meeting of the revenue team, the City Council will hold work sessions to discuss unfunded/underfunded service levels and develop a scope of services to be considered for new revenue. The scope will include service levels and associated costs that will become the basis of the charge of the revenue team.

After the scope is finalized by the City Council, the revenue team will evaluate funding strategies to address the identified service needs to develop a recommendation to the City Manager. This phase will begin by June/July after the City Manager receives feedback from the City Council and will conclude with a recommendation to the City Manager by October 31, 2023. The City Manager will bring recommendations to the City Council in November for feedback and direction.

The City Manager will also be developing information on potential service level prioritization for the existing service system, should new revenues not be achieved and/or sufficient to address unfunded services areas, and future tradeoffs are necessary to ensure a structurally balanced service system where revenues are greater than or equal to expenditures. This information will be brought back to City Council for discussion and input as part of the process in the fall.

PREVIOUS COUNCIL DIRECTION

[April 27, 2020 Work Session](#)

This session was an informational COVID-19 update focusing on the financial impact to the City from the pandemic.

[July 15, 2020 Work Session](#)

This session was an informational update on the health of the General Fund and distressed funds as a result of the pandemic.

[September 20, 2021 Work Session](#)

This session was an information update on the condition of the General Fund and future financial needs and the impact to the General Fund.

[September 14, 2022 Work Session](#)

This session was an information update on the condition of the General Fund and the future financial outlook.

[February 27, 2023 Work Session](#)

This session provided a high-level budget update and a recommendation for a revenue team to develop funding strategies for unfunded services.

COUNCIL OPTIONS

Council can provide input and feedback on the revised revenue team proposal or suggest an alternate proposal.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approving the revised revenue team proposal as outlined in Attachment A.

SUGGESTED MOTION

Move to adopt the revenue team proposal as outlined in Attachment A.

ATTACHMENTS

A. Revenue Team Proposal

FOR MORE INFORMATION

Staff Contact: Twylla Miller
Telephone: 541-682-8417
Staff E-Mail: tmiller@eugene-or.gov

Revenue Team Proposal

Problem Statement:

The City Manager is finalizing the first biennial budget to be proposed to the Eugene Budget Committee. Over the last few years, we have consistently forecast a financial deficit due to years of reduced revenue to include loss of Comcast funds, rising operational costs, increasing service needs and insufficient reserves to manage longer term funding gaps. The convergence of all these factors influencing short- and long-term financial stability has reached a critical point.

As a result, the 2023-2025 budget will include approximately \$14 million in service reductions, (\$10 million ongoing and \$4 million in one-time savings) along with \$1.7 million in smaller revenue increases to help close a \$15 million general fund gap. Additionally, \$3.2 million of resources, including positions, are being re-purposed to address urgent community needs in the near-term to include investments in housing and the unhoused, alternative response services, downtown safety and maintenance and climate.

The proposed budget addresses funding for many urgent needs however it does not account for some other important services and investments such as a planned annual contribution to the affordable housing trust fund, facilities capital maintenance transfer and funding for planning projects.

The City Council and Budget Committee have asked that the City Manager convene a revenue team to help navigate and advise her on a potential path forward. The City Manager recommends the following process:

Define Revenue Team Charge

The City Council will hold work sessions before the Revenue Team convenes to receive information on unfunded service needs/recommended service levels and to finalize the scope of services/related costs that will become the charge of the revenue team.

Establish Revenue Team

Membership:

- City Councilors
- Budget Committee members
- Community members (business, non-profit, etc.)
- Other commissions or advisory group members
- Facilitation and support provided by city staff

As with other revenue teams, the Mayor will work with interested City Councilors for Councilor selection to teams. The City Manager will work with the Budget Committee Chair to solicit interest from Budget Committee members to participate on the revenue teams and will develop a list of interested community/advisory board members for consideration/selection by the Mayor and Council President to finalize team selection.

Revenue Team Process

1. Evaluate and develop potential revenue funding strategies to support the service areas defined in the scope developed by the City Council.
2. Develop a recommendation for the City Manager detailing the findings of the team, including funding recommendations and prioritization.

Timeline:

Beginning in June or July, the Revenue Team will work through potential revenue funding strategies and develop a recommendation for the City Manager by October 31. The City Manager will obtain feedback and direction from City Council in November.