



City Council

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EUGENE CITY COUNCIL AGENDA

June 24, 2024

5:30 p.m. CITY COUNCIL WORK SESSION

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>

Meeting of June 24, 2024; Her Honor Mayor Lucy Vinis Presiding

Councilors

Matt Keating, President
Jennifer Yeh
Mike Clark
Lyndsie Leech

Randy Groves, Vice President
Alan Zelenka
Greg Evans
Emily Semple

5:30 p.m. CITY COUNCIL WORK SESSION

- 1. WORK SESSION: Mayor's Blue Ribbon Panel on Economic Development**
- 2. WORK SESSION: Downtown Core Housing Initiative – Accelerated MUPTE**

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

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

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

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Mayor's Blue Ribbon Panel on Economic Development

Meeting Date: June 24, 2024
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Michael Bradley
Contact Telephone Number: 541-682-5484

ISSUE STATEMENT

Mayor Vinis convened a Blue Ribbon Panel to seek recommendations from local business leaders on how to improve the City of Eugene's programs and policies to enhance economic development. The Panel developed 12 recommendations that fall into four categories: communication, strategies, tools, and infrastructure. This work session is an opportunity for Council to review and consider accepting the Panel's recommendations.

BACKGROUND

In 2010, the Joint Elected Officials of Eugene, Springfield, and Lane County held a Regional Economic Summit and created the 2010 Regional Prosperity Economic Development Plan. The City's current economic development strategy is based on this regional effort to build a collaborative response to the challenges of the Great Recession.

In the 2023 State of the City address, Mayor Vinis called for the creation of a Blue Ribbon Panel on Economic Development to identify strategic priorities for a healthy local economy as the community emerges from the COVID-19 pandemic. The 16-member Panel met six times from September 2023 to March 2024 to learn about existing City efforts and discuss actions and strategies to make the City's work more effective.

Mayor Vinis asked the Panel to "Make specific recommendations to the City that would foster a healthy business environment." At each Panel meeting, staff provided a summary of the City's current efforts and its role within the regional economic development ecosystem. The Panel then identified what the City is doing well and what could be changed and improved. The discussions ranged across many topics and yielded 12 recommendations, compiled in the Final Report (Attachment A).

If accepted by Council, the next step would be to develop an action plan for implementing the Panel's recommendations.

RELATED CITY POLICIES

The [2010 Regional Prosperity Economic Development Plan](#) provides a regional framework for the City's economic prosperity efforts with targeted outcomes for 2020.

The [Envision Eugene Comprehensive Plan](#) includes economic development goals for the City of Eugene: household prosperity; business development; and community vitality.

The [Eugene-Springfield 2020 Consolidated Plan](#) is a five-year strategic plan for housing and community development, that guides implementation of programs administered by the U.S. Department of Housing and Urban Development (HUD). The Community Development strategies include: support a human services delivery system to address the needs of homeless persons, special needs, and other low-income populations; promote economic development and employment opportunities through the creation of jobs and business development; and make strategic investments to improve low-income neighborhoods and other areas of slums and blight.

The [Eugene Downtown Plan](#), adopted in 2004, is the policy framework for investments and projects in Eugene's downtown, the commercial center for the region.

The [Climate Action Plan 2.0](#) identifies actions that will help Eugene's businesses and households reach climate goals.

The [Housing Implementation Pipeline](#) (HIP) is a five-year internal workplan to increase the supply of housing that is affordable to households across the income spectrum.

The [City of Eugene Strategic Plan 2023-2026 includes](#) the following strategic goals:

- Increase the vibrancy, economic vitality, and livability of downtown
- Improve support for local businesses and the business environment
- Advance efforts that will increase wages and create new jobs

PREVIOUS COUNCIL DIRECTION

None.

COUNCIL OPTIONS

1. Accept the Panel's recommendations as written in Attachment A and request the City Manager provide an action plan to implement the recommendations.
2. Take no action at this time.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends Option 1, which will accept the recommendations of the Mayor's Blue Ribbon Panel on Economic Development and request an action plan for implementation.

SUGGESTED MOTION

Move to accept the recommendations of the Mayor's Blue Ribbon Panel on Economic Development, and direct the City Manager to provide an action plan to implement the Panel's recommendations.

ATTACHMENTS

A. Mayor's Blue Ribbon Committee on Economic Development: Final Report

FOR MORE INFORMATION

Staff Contact: Michael Bradley, Business Liaison
Telephone: 541-682-5484
Staff E-Mail: mtbradley@eugene-or.gov



MAYOR'S BLUE RIBBON PANEL ON ECONOMIC DEVELOPMENT

An Initiative of Mayor Lucy Vinis
Presented to the Eugene City Council
June 24, 2024

Planning and Development Department
99 W. 10th Ave
Eugene, Oregon 97401



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LETTER FROM THE MAYOR

I am proud to introduce the recommendations of Blue Ribbon Panel on Economic Development. The panel has developed 12 actionable recommendations aimed at creating a bright economic future for Eugene. The recommendations cover several economic development themes; communication, job creation, economic incentives, racial equity, and long-term planning.

Eugene businesses have faced incredible challenges in recent years. I convened the Blue-Ribbon Panel to create a space for envisioning our shared economic future and to open an ongoing dialogue with the business community to ensure the City is responding to the rapidly evolving needs of our local economy. The panelists represent diverse backgrounds and viewpoints that make Eugene a vibrant place to live and work.

We are fortunate to live in a community with many civically engaged business leaders. I want to extend my gratitude to members of the Blue-Ribbon panel for their time and dedication.

Our panel meetings revealed areas where the City of Eugene can play a role in creating a business atmosphere that encourages innovation, job creation, and new investment. Our panel also shared their experiences of the harmful impacts of systemic racism and ideas for supporting Eugene's historically marginalized businesses owners. I look forward to seeing the panel's recommendations become actions that foster economic growth for the benefit of all residents.

There is much work to be done to ensure the success of our local economy. The recommendations in this report are a roadmap for moving toward our vision of economic prosperity for all Eugene residents.



Mayor Lucy Vinis





Bulk Handling Systems manufactures and installs recycling sorting and handling systems throughout the world

SUMMARY

In the 2023 State of the City address, Mayor Vinis called for the creation of a Blue Ribbon Panel on Economic Development to outline strategic priorities for a healthy local economy. Mayor Vinis identified community leaders to make up the Panel and represent Eugene's diverse business community. The individuals came from a wide mix of industries and business sizes. The full list of panel members and their associated business is shown on the following page.

The Community Development Division provided staff support and provided technical content during the meetings.

Prior to the first meeting, staff met one-on-one with each panel member to identify their priorities and concerns. Those individual meetings brought forward a variety of issues, which were organized into the following topic areas.

- Communication with Businesses
- Economic Investments
- Attracting and Retaining Businesses
- Strengthening Interjurisdictional Partnerships

Racial equity was also identified as an important topic for panel discussion. Questions of racial equity were included in each meeting's agenda and resulted in specific recommendations to address issues of systemic racism and promote business owners of color.

Mayor Vinis asked the panel to "Make specific recommendations to the City that would foster a healthy business environment." At each meeting, staff provided a summary of the City's current efforts and its role within the regional economic development ecosystem. The panel then identified what the City is doing well and what could be changed and improved.

The discussions ranged across many topics and yielded 12 recommendations that fall into four categories. The remainder of this report is organized into those four categories and lists the specific recommendations made by the Blue Ribbon Panel on Economic Development.

1. Open Channels of Two-Way Communication

How can the City of Eugene facilitate more effective two-way communication with the local business community?

2. Envision and Share the City's Economic Development Strategies

What is the short and long-term vision for economic development in Eugene?

3. Strengthen and Expand Economic Development Tools

How can the City's existing economic development tools be updated to better serve the community?

4. Support Physical and Social Infrastructure Necessary for Economic Growth

What types of infrastructure will be needed to support growth in the short and long-term?



SnoTemp provides cold storage for raw materials and finished food products

LIST OF PANELISTS

John Iglesias (panel co-chair)	Iglesias Consulting
Dick Abraham	Cascade Medical Associates
Dave Bakke	Chambers Construction
Allan Benavides	Eugene Emeralds Professional Baseball
Dallas Boggs	Black Professionals/ Brenner's Furniture
Talicia Brown-Crowell	Black Cultural Festival/ Harmony Massage
Nigel Francisco	Mereté
Courtney Griesel	Sierra Pacific Industries
Katie Hall	PIVOT Architecture
Ashley Horner	Summit Bank
Shula Jaron	InVivo Biosystems
Liana Leung	Eugene Realtors
Katherine Moyer	Hershner Hunter LLP
Erik Parrish	Deployed Logix
Anshuman "AR" Razdan	UO Research and Innovation
Stephanie Seubert	Evans Elder Brown & Seubert





InVivo Biosystems specializes in CRISPR genome editing for preclinical studies and drug discovery

RECOMMENDATIONS

1. OPEN CHANNELS OF TWO-WAY COMMUNICATION

Panel members discussed a need for better and more frequent two-way communication between businesses and the Eugene City Council. The panel identified three potential actions the City could take to address the issue.

a. Create a regularly occurring forum for businesses to communicate with City Council and City staff

Panel members have expressed concern with what they have perceived as rhetoric and policy decisions that do not account for the positive impact of industry and contributions of businesses to the local economy. The panel recommends the City of Eugene create a regular, reoccurring business advisory panel or committee for communication between the City of Eugene and business owners. Quarterly meetings would provide an opportunity for the City to hear business input prior to making policy decisions.

b. Establish a voluntary business registry

A voluntary local business registry would enable the City to collect contact information for Eugene businesses and create a reliable means for the City to convey information about proposed policy changes and relevant opportunities.

Staff research found that Eugene is one of the only Oregon cities of comparable size to not require a business license. However, the panel shared concerns that creating a mandatory fee-based business license may be an unwelcome burden to business owners.

c. Continue and expand partnerships with local organizations supporting historically marginalized business owners

Members of the panel advised that the City faces real challenges in building trust and confidence with business owners from historically marginalized racial groups. Local organizations that offer support to historically marginalized business owners can play an important role in overcoming these challenges and are critical to establishing and maintaining two-way communication with the City.

The panel recommends building and maintaining strong relationships with organizations offering support to historically marginalized business owners and working closely with such organizations to seek input from communities of color.

The City currently directs Community Development Block Grant funding to support business accelerator programs hosted by both Plaza de Nuestra Comunidad and Quality Care Connections. These funds support Eugene residents earning less than 80% of the area median income who are seeking to start a new business in Eugene.



La Casita in-home daycare, recipient of City of Eugene small business grant funding.

2. ENVISION AND SHARE THE CITY'S ECONOMIC DEVELOPMENT STRATEGIES

Panel members noted that the City lacks a long-term vision for its economic future. A vision would support the City as it makes decisions about how to direct resources, how to measure if its efforts are effective, and how to effectively communicate to businesses about its economic development resources.

a. Create a long-term economic development strategy

The panel identified an absence of a long-term vision for our local economy. The panel recommends articulating a long-term vision focused on economic development to guide the decision-making processes around allocation of resources and the creation of effective policy. The City should articulate long-term economic development goals by identifying key industries to strengthen over the next 20 years.

The guiding documents of the City's vision for economic development are the [Envision Eugene Comprehensive Plan](#) and the City of [Eugene 2023-2026 Strategic Plan](#). The panel's proposed economic development plan would build upon these plans with more specific strategies and actions.

b. Create metrics or key performance indicators for City incentive programs to measure progress

Measuring the progress of the City's economic development strategies is critical for evaluating success. The panel recommends establishing a data-collection initiative to capture the progress of City economic development tools and strategies. Tracking the year-over-year outputs of City programs will play an important role in demonstrating the value of existing programs and strategies.

c. Proactively market existing tools and incentives

The City uses several tools to promote economic development and support business development. The panel expressed concern that these programs are not widely known in the local business community. In particular, the City's Business Growth Loan program was identified as a unique asset that is not widely understood.

The panel recommends investing in a strategic marketing plan and marketing materials to raise awareness of the City's business support programs. The City's marketing approach should be updated to include:

- Improving City business support webpage for ease of discovery and user experience; and
- Telling the story of Eugene's existing business atmosphere and the positive economic impacts of Eugene employers.



3. STRENGTHEN AND EXPAND ECONOMIC DEVELOPMENT TOOLS

Panel members discussed the City's existing economic development tools and noted that they are effective but could benefit from changes to meet evolving challenges.

a. Update the West Eugene Enterprise Zone

The panel recommends expanding the geography of the West Eugene Enterprise Zone to make this incentive program available to more local businesses. Additionally, the panel recommends reviewing the required Enterprise Zone Public Benefit Criteria to identify ways to better align the criteria with needs of current Eugene industries.

b. Create new tools to stimulate targeted sectors and geographies

The panel recommends exploring the creation of new incentive programs to support attracting and retaining businesses in Eugene. Identifying key industries and geographies within the City, as part of a long-term economic development strategy, is a way to focus on areas with the most potential for public benefit. The panel noted that incentive programs need not be restricted to tax abatements or capital loans, and that any program aimed at providing business support is a tool to encourage businesses to locate or expand in Eugene and its commercial centers.

c. Create new grant/loan programs that are informed by the needs of BIPOC business owners

The City's business loan programs have played an important role in the early development of many local businesses. However, members of the panel feel that the City's current loan programs could be more responsive to the needs of BIPOC businesses. The panel recommends seeking input from BIPOC businesses to create new grant and loan programs that better fit their capital needs.

Using the City's Racial Equity and Accessibility Lens (REAL) Toolkit, staff are developing ideas to make the City's loan program more visible and accessible for business owners from historically marginalized racial groups. Feedback and recommendations from the Blue Ribbon Panel will be incorporated into this analysis and included in staff recommendations.



4. SUPPORT PHYSICAL AND SOCIAL INFRASTRUCTURE NECESSARY FOR ECONOMIC GROWTH

The panel discussed the need for the City to continue supporting the creation and maintenance of physical infrastructure. In addition, social infrastructure such as housing, workforce development, and quality-of-life issues were noted as important factors in attracting and retaining businesses.

a. Continue to seek funding for infrastructure in the Clear Lake industrial area

The Clear Lake industrial area includes 11 large sites, ranging from 380 to 605 suitable acres, with the potential to bring an additional 6,000 jobs to the region. Most of this area is not served by urban infrastructure and is not ready for commercial development. To meet the demand for large industrially zoned sites, critical water, wastewater, and stormwater infrastructure are needed.

The panel recommends that the City work to attract State and Federal resources to facilitate the development of infrastructure in the Clear Lake industrial area.

b. Support policies that encourage development of all housing types

Panel members discussed the challenges of recruiting talent and new businesses without an adequate supply of diverse housing types. The panel recommends the City continue to support policies that streamline housing production, reduce the cost of buildable land, and expedite the development process.

The City's Housing Implementation Pipeline (HIP) establishes goals across the entire continuum of housing. These goals are reinforced with immediate actions and sustained impacts planned in two- and five-year increments. The HIP was established in 2022 and regular progress updates can be found at eugene-or.gov/HIP.

c. Invest in local workforce development

As local businesses expand and new businesses locate in Eugene, the workforce needs of employers continue to evolve and expand. Staffing shortages are impacting local businesses of all types. Addressing these staffing shortages is critical to the future of many industries including healthcare, manufacturing, and construction.

The panel recommends the City continue to support and partner with local workforce development organizations to increase the number of skilled workers in the area.





Ninkasi Brewing distributes craft beer and cocktails throughout the Western US



In loving memory of
DALLAS A. BOGGS

We mourn the loss of Dallas Boggs, Chair of the Police Commission and member of the Mayor's Blue Ribbon Panel, a beacon of service and justice in our community. His support of Eugene's Black business community and unwavering commitment to public safety touched countless lives.

Dallas' legacy of perseverance and community involvement will continue to inspire us. He leaves behind a profound impact that will be remembered and cherished.

Let us all be inspired by his legacy as we strive to continue his work for positive change and progress in our community.





Planning and Development Department
99 W. 10th Ave Eugene, Oregon 97401

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Downtown Core Housing Initiative – Accelerated MUPTE

Meeting Date: June 24, 2024
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Amanda D'Souza
Contact Telephone Number: 541-682-5540

ISSUE STATEMENT

On January 22, 2024, the City Council and the Agency Board considered a proposed Downtown Core Housing Initiative to incentivize the development of housing in the downtown core. At that work session, the Council discussed an Accelerated Multi-Unit Property Tax Exemption (MUPTE) pilot program as a potential tool to incentivize the development of downtown housing and directed the City Manager to bring back a proposed Accelerated MUPTE program for review. This work session is an opportunity for Council to discuss the proposed Accelerated MUPTE pilot program and possible next steps.

BACKGROUND

Eugene is facing three significant challenges: an inadequate diversity and supply of housing; climate change, which is caused in part by building and transportation-related carbon emissions; and the lack of vibrancy downtown, which has been compounded by the shift to remote work since the Covid-19 pandemic. Building new housing units in our downtown addresses all three issues. Housing also emerged as a top priority and opportunity for downtown during the community outreach done by staff in the fall of 2022 (Downtown Priorities and Projects). Increasing the housing supply in the downtown core aligns with multiple City policies, summarized below. Building homes in the downtown core at the heart of our community will:

- Help address the community's housing needs by increasing the supply of housing affordable to people across all income levels (aligned with the [Strategic Plan](#) and [Housing Implementation Pipeline](#));
- Reduce per capita carbon emissions by increasing the number of small dwelling units with shared walls that are close to transit and other daily needs (aligned with the [Strategic Plan](#) and [Climate Action Plan 2.0](#)); and
- Support downtown vibrancy by activating block faces and enabling more people to live downtown, populating our sidewalks and supporting local businesses (aligned with the [Strategic Plan](#) and [Eugene Downtown Plan](#)).

An important reason for the lack of housing in the downtown core is the relatively high cost of construction in densely developed areas. Downtown sites are often small and constrained. The lack of 'elbow room' surrounding the construction site means more complicated logistics for the builder to manage, including off-site storage, just-in-time delivery, and traffic management. In

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addition, many properties in the downtown core are already developed with existing structures, which need to be demolished or repurposed prior to new development, often at great expense.

In addition to the costs associated with development in the dense downtown core, the current financial environment presents barriers to housing development. High inflation rates have increased the cost of materials and labor and high interest rates have raised the cost of borrowing funds. These factors make it less likely that new housing development will be financially feasible. Developers who are interested in building housing downtown face significant hurdles.

The availability of incentives impacts the creation of new housing units. Currently, the primary incentive tool offered for the development of new market-rate housing in the downtown is the Multi-Unit Property Tax Exemption (MUPTE). Since the program was significantly updated in 2015, it has primarily been used for projects on the edges of downtown. The only projects in the downtown core that have applied for a MUPTE since 2015 are Olive Lofts (which did not move forward) and 1059 Willamette (approved in February 2024). Even with the availability of the existing MUPTE program, the last market-rate, non-student housing project within four blocks of Kesey Square was First on Broadway (at Broadway and Willamette), a small conversion project completed in 2012 which received a MUPTE and Urban Renewal support. (See Attachment A for more information on current downtown housing and the MUPTE program.)

On January 22, 2024, staff presented two potential pilot programs as part of a proposed Downtown Core Housing Initiative: an Accelerated MUPTE and a Downtown Fee Assistance program. On May 22, 2024, the Urban Renewal Agency Board voted to implement the Downtown Fee Assistance program in the Downtown and Riverfront Urban Renewal Districts. This work session is an opportunity for Council to discuss the proposed Accelerated MUPTE pilot program and possible next steps.

Accelerated MUPTE

An Accelerated MUPTE could encourage the creation of new housing without creating additional administrative burden and cost for housing developers and City staff, potentially making the program accessible to a wider range of housing developers. The complexity, added time, and uncertainty of the existing MUPTE program creates a barrier for smaller development projects; historically, only larger development projects have been able to take advantage of the existing MUPTE program. At the January 22, 2024, work session, Council directed staff to prepare an Accelerated MUPTE program proposal for Council's review.

The proposed Accelerated MUPTE pilot program is described in Attachment B. The proposal reflects community input, Council conversations, and feedback from housing developers, and incorporates staff's recommendations for the program. Attachment C includes background and additional context around staff's recommendations.

As it is currently proposed, the Accelerated MUPTE would be a pilot program that would function as an alternative to the existing MUPTE program. The program would offer a streamlined process to qualify for a ten-year property tax exemption on new construction. It would be available to only those projects located within a specified boundary and is proposed to be made available to projects with four units, if new building construction, and two units if conversion of an existing

building (the existing program has a minimum of five units). The proposed program also incorporates opportunities in which the Accelerated MUPTE could mirror elements of the Downtown Fee Assistance program, streamlining the application process for both incentives. The proposed program also includes a handful of minor changes within the existing MUPTE public benefit criteria that could be adjusted to improve the program's efficiency.

Like Downtown Fee Assistance, Accelerated MUPTE is proposed as a five-year pilot program. During the pilot period, staff would collect data related to performance metrics for the Accelerated MUPTE program and submit that data to Council within two years of program implementation. At that time, Council could review the effectiveness of the pilot program to determine whether the program should continue and whether any changes should be made.

Next Steps

If Council would like to move forward with an Accelerated MUPTE pilot program, staff would need to prepare a draft ordinance and Council would need to hold a public hearing on the draft ordinance before taking action. If Council would like to continue exploring the Accelerated MUPTE program, Council could:

- Direct the City Manager to prepare a draft ordinance consistent with the proposal in Attachment B and schedule a public hearing on the ordinance.
- Direct the City Manager to revise the proposed Accelerated MUPTE program based on feedback provided at this work session, prepare a draft ordinance that incorporates the changes, and schedule a public hearing on the ordinance.

Downtown Core Housing Initiative – Other Components

The Agency Board approved the Downtown Fee Assistance program on May 22, 2024. Staff is now working to develop application materials, establish internal processes, and market the program. Allocation of funding to the program is expected to happen during the normal budgeting process. The third piece of the Downtown Core Housing Initiative is property acquisition and disposition using urban renewal funds; staff are currently working on a strategy for this activity.

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.

[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 percent from 2021: an increase of over 1,000 units.

Envision Eugene Pillars

- Promote compact urban development and efficient transportation options.
- Protect, repair, and enhance neighborhood livability.
- Provide for adaptable, flexible, and collaborative implementation.

Eugene Downtown Plan

- Downtown development shall support the urban qualities of density, vitality, livability, and diversity to create a downtown, urban environment.
- 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.

Strategic Plan Goals: Urgent Community Needs

- Strategic Goal: Stabilize the cost of housing.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to increase the supply of housing.
- Strategic Goal: Increase the vibrancy, economic vitality, and livability of downtown.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to support commercial activity.
 - High-Impact Action: Improve Eugene's business environment and reputation as a place to do business, including improving overall community livability.
- Strategic Goal: Advance climate action and community resilience to natural and human-caused disasters.
 - High-Impact Action: Decrease transportation-related emissions and make the transportation network diverse and adaptable through continued implementation of the Eugene 2035 Transportation System Plan and related compact development actions in Envision Eugene.
 - High-Impact Action: Continue to implement strategies from the Climate Action Plan 2.0 to improve and enhance efficiency and resilience of buildings in Eugene, including City-owned facilities.

PREVIOUS COUNCIL DIRECTION

December 13, 2021 Work Session

Council discussed the Housing Implementation Pipeline and downtown housing. Council moved to direct the City Manager to return with information about opportunities to provide further incentives for the development of downtown housing.

Passed 8:0

January 22, 2024 Work Session

Council moved to direct the City Manager to prepare an Accelerated MUPTE program proposal based on City Council feedback and schedule a work session for Council to review the proposed program.

Passed 7:1 (Opposed by Councilor Zelenka)

May 22, 2024 Work Session and Urban Renewal Agency Meeting

The Agency Board approved two resolutions approving a Downtown Fee Assistance pilot program for the Downtown and Riverfront Urban Renewal Districts.

Passed 6:1 (Opposed by Councilor Zelenka)

COUNCIL OPTIONS

1. Direct the City Manager to prepare a draft ordinance to implement the Accelerated MUPTE program as described in Attachment B and to schedule a public hearing on the ordinance.
2. Direct the City Manager to revise the program proposal in Attachment B with the following changes [insert changes], prepare a draft ordinance that incorporates those changes, and schedule a public hearing on the ordinance.
3. Do not move forward with this program at this time.

CITY MANAGER'S RECOMMENDATION

If City Council thinks the program proposed in Attachment B aligns with Council's original direction and would like to hear public comment on it, the City Manager recommends Option 1.

SUGGESTED MOTION

Move to direct the City Manager to prepare a draft ordinance to implement the Accelerated MUPTE program as described in Attachment B and schedule a public hearing on the ordinance.

ATTACHMENTS

- A. Downtown Housing Overview
- B. Proposed Accelerated MUPTE Program
- C. Proposed Accelerated MUPTE Program – Additional Background

FOR MORE INFORMATION

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

Downtown Housing Overview

This attachment provides an overview of the current state of housing in the downtown.

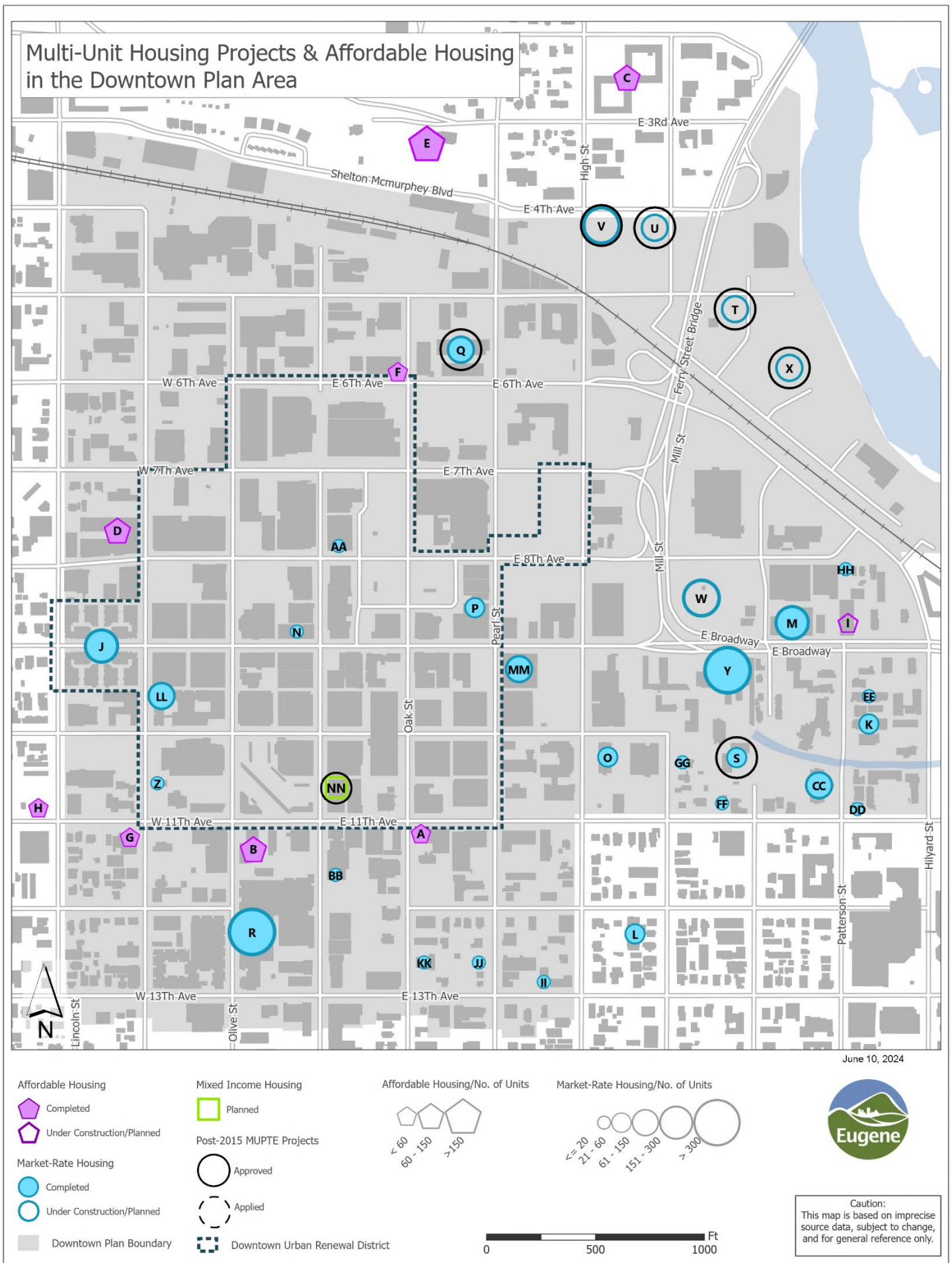
Current Downtown Housing Supply

The map on the following page shows the current supply of multi-unit housing in the Downtown Plan boundary, including projects under construction or in the pipeline. Below the map is a table providing information on the identified housing projects, including the number of units, year built, type of housing, and whether the project received a Multi-Unit Property Tax Exemption (MUPTE).

The map shows the location and relative size of housing developments in the downtown. Each housing development is labeled with a letter on the map, which corresponds to the table. On the map, the larger the dot, the larger the housing development.

The data in the map and the table show:

- The last market-rate, non-student housing project to be built within four blocks of Kesey Square was First on Broadway (project N in the map below, located at Broadway and Willamette) in 2012, which also received a MUPTE and Urban Renewal support.
- All projects completed in the past five years and projects currently in the pipeline are located on the periphery of downtown. This includes affordable, market-rate, MUPTE, and student housing (projects F, G, H, I, Q, S, T, U, V, W, X, and Y). The only exception is 1059 Willamette (project NN), a mixed-income project which is only able to move forward with City and Urban Renewal financial assistance.
- The residential density within the downtown core is low (see Density section below for more information).



Multi-Unit Housing Projects & Affordable Housing in the Downtown Plan Area (as of June 10, 2024)

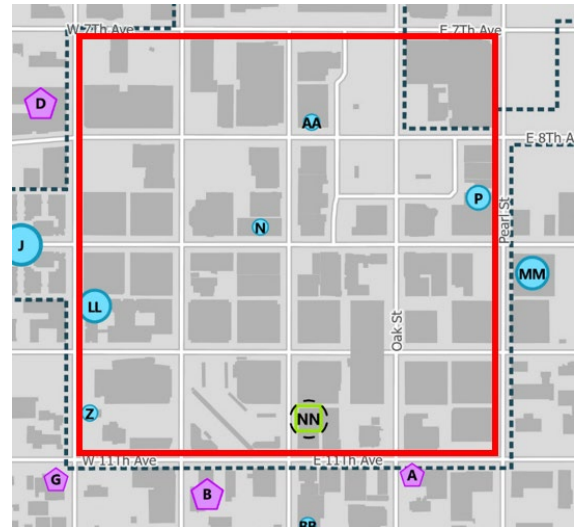
Label	Project Name	# of Units	Year Built/Status	Housing Type	MUPTE?
A	The Aurora	54	2003	Affordable	
B	Olive Plaza	150	1978	Affordable	
C	Parkview Terrace	150	1966	Affordable	
D	WestTown on 8th	102	2008	Affordable	
E	Ya-Po-Ah Terrace	224	1967	Affordable	
F	Market District Commons	50	2020	Affordable	
G	The Nel	45	2021	Affordable	
H	Ketanji Court	59	2022	Affordable	
I	Bridges on Broadway	57	Planned	Affordable	
J	Broadway Place	170	1998	Market-rate	Yes
K	Patterson House	27	2007	Market-rate	Yes
L	Midtown Terrace	24	2009	Market-rate	Yes
M	The 515	197	2014	Market-rate	Yes
N	First on Broadway	19	2012	Market-rate	Yes
O	High Street Terrace	58	1996	Market-rate	Yes
P	Park Place Apartments	24	2012	Market-rate	Yes
Q	Gordon Lofts	127	2019	Market-rate	Yes
R	13th & Olive Apartments	374	2013	Market-rate	Yes
S	Ferry Street Manor	50	2020	Market-rate	Yes
T	Heartwood	95	Under construction	Market-rate	Yes
U	The Portal	130	Under construction	Market-rate	Yes
V	The Landing	237	Planned	Market-rate	Yes
W	The Standard	156	Under construction	Market-rate	Yes
X	The Parker	129	Planned	Market-rate	Yes
Y	Union on Broadway	357	2022	Market-rate	
Z	1057 Charnelton St.	6	1954	Market-rate	
AA	The Tiffany	18	1913	Market-rate	
BB	1165 Willamette	3	2014	Market-rate	
CC	Patterson Tower	91	1966	Market-rate	
DD	Patterson Manor	19	1964	Market-rate	
EE	Duck Flats	8	2010	Market-rate	
FF	465 E 11th Ave.	9	1910	Market-rate	
GG	1021 Mill St.	9	1905	Market-rate	
HH	602 E 8th Ave.	10	1905	Market-rate	
II	Wilder Apartments	20	1927	Market-rate	
JJ	1264 Pearl St.	5	1921	Market-rate	
KK	Marion Apartments	19	1928	Market-rate	
LL	Titan Court	74	2012	Market-rate	
MM	Eugene Hotel	90	1924	Market-rate	
NN	1059 Willamette St.	133	Planned	Mixed-Income	Yes

Downtown Housing Density

The creation of housing in the downtown core will not only address the City’s housing needs and support downtown vibrancy, but it helps achieve our climate goals. The creation of new housing in the downtown core will reduce per capita carbon emissions by increasing the number of small dwelling units with shared walls that are close to transit and other daily needs. Smaller homes tend to have a smaller carbon footprint during construction and use. Additionally, housing units built closer to transit, jobs, and other amenities allow residents to access the community using fewer vehicle trips.

The 2004 Eugene Downtown Plan identified “Living Downtown” as one of its priorities. The Downtown Plan Area, shown above in gray currently has a density of 8.2 units per acre. Focusing on the 16 blocks around Broadway and Willamette, shown here in the map on the right, the density drops to 2.4 units per acre. This is less than the density in many of Eugene’s residential areas like the Bethel (3.6 units per acre), Friendly (3.8 units per acre), and River Road

neighborhoods (2.9 units per acre). In fact, the City’s lowest residential zone, R1, allows up to 14 units per acre, exceeding the current density of the downtown core.



MUPTE Background

The downtown core has not been built as a residential neighborhood. (See the Agenda Item Summary for a brief overview of the challenges of building housing downtown.) The primary tool for market-rate housing in the downtown core has been the Multi-Unit Property Tax Exemption program, which offers a property tax exemption of up to 10 years to new multi-unit projects that meet program criteria. Since the program was revised in 2015, the only four projects that have begun construction or been completed have been on the periphery of downtown (projects Q, S, T, and U shown in the above map). Two Riverfront projects (projects V and X) and 1059 Willamette (mixed-income housing project with City and Agency financial support, project NN) have been approved, and are in the pipeline.

Since the program was revised in 2015, staff and the Review Panel have reviewed each project’s compliance with MUPTE requirements. The Review Panel has provided reports to Council for each project during and after construction, and annually during the exemption period.

The table below provides a summary of tax revenue for projects that have aged out of the MUPTE exemption period.

Expired MUPTeS Project type	Actual 2023 Property Taxes¹	2023 Property Taxes if project had not been built
Student-oriented housing projects ²	\$787,000	\$110,000
Other projects	\$1,208,000	\$73,000
Total tax impacts	\$1,995,000	\$183,000

¹ This includes all property taxes. The City receives about 50% of total property taxes.

² These projects include housing developments that fit the MUPTeS definition of student housing (project designed for the leasing of individual rooms or beds, rather than entire apartment units, or a project otherwise designed primarily for individuals attending college) and projects located in the West University neighborhood. To provide the data in this table, staff assumed that housing in the West University neighborhood was student housing. These are projects that were approved prior to the program changes that Council put into effect in 2015, which reduced the MUPTeS boundary within the West University neighborhood and excluded student housing from being an eligible project type.

Proposed Accelerated MUPTE Pilot Program

The City's Multi-Unit Property Tax Exemption (MUPTE) program is a state-enabled program that incentivizes redevelopment of residential properties in Downtown Eugene. The program allows new multi-unit projects to avoid property taxes on the value of new residential construction for up to ten years. The program was significantly revised in 2015 to add required public benefit criteria and a community panel review process. Since the 2015 revisions, the program has only been effective for larger-scale projects on the periphery of downtown (see Attachment A for more information). As it currently exists, the MUPTE program is not enough of an incentive to overcome the obstacles faced in developing housing in the downtown core.

Some developers have noted the current MUPTE program requirements make it effectively inaccessible to smaller scale developers and smaller scale projects, which may explain why the smallest project to be approved for a MUPTE after the 2015 program revisions was 36 units, and the smallest to receive a MUPTE and *be constructed* was 50 units. Developers have noted that the current MUPTE process, which takes approximately five to six months, adds uncertainty, predevelopment costs, and time to the development process. This increases risk for developers and reduces the efficacy of this housing production strategy.

With the approval of the Housing Implementation Pipeline (HIP) in 2022, and the identification of housing creation and downtown revitalization in the 2023-2026 Strategic Plan, Councilors have indicated interest in prioritizing new housing units in the downtown core and the use of tax exemption programs to help achieve this goal. An Accelerated MUPTE pilot program would offer a streamlined process to qualify for a ten-year property tax exemption on new construction and commercial conversion projects that produce new housing units. It would exist as a separate incentive from the existing MUPTE program and would only be available in the downtown core.

An Accelerated MUPTE program could:

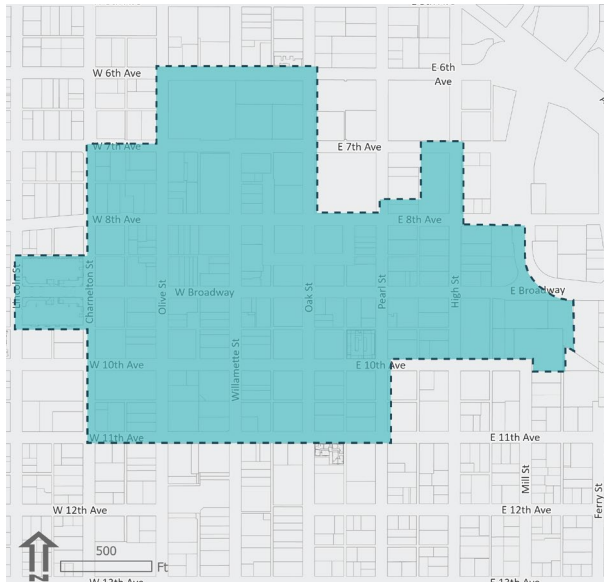
- Shorten the application timeline, allowing projects to move forward more quickly, and adding certainty to the application process;
- Reduce administration time and costs for the City; and
- Reduce the time and resources required of developers to assemble application materials. This could make an Accelerated MUPTE program more accessible to a broader range of development types and development teams.

The Accelerated MUPTE is proposed as a five-year pilot program. During the pilot period, staff would collect data related to performance metrics for the Accelerated MUPTE program and submit that data to Council within two years of program implementation. At that time, Council could review the effectiveness of the pilot program to determine whether the program should continue and whether any changes should be made.

The proposed program described below incorporates staff's recommendations for an Accelerated MUPTE program. Attachment C provides background and additional context around staff's recommendations, how they achieve the objectives listed above, and other alternatives Council could consider.

Program Boundary

Projects must be located within this established program boundary in order to be eligible for the Accelerated MUPTE.



Project Need

Projects must demonstrate financial need by showing that, in the absence of the Accelerated MUPTE program, either: a) total project cost exceeds project value at stabilization; or b) the yield on cost at stabilization (net operating income divided by total project cost) is less than 6.0%. Total project cost may include imputed land cost and developer fees totaling up to 5% of hard costs, including land. Project value is based on pro forma stabilized net operating income and current capitalization rate for multi-family property in the region. Stabilization is the period that the project is projected to be fully leased. City of Eugene staff will review assumptions regarding rents, income, capitalization rate, and development costs that are included in the demonstration of financial need.

Application Approval

Staff will evaluate applications using Council-approved criteria outlined in this Attachment. Council will approve or deny Accelerated MUPTE applications and will consider the applications as Consent Agenda items.

Minimum Units

The proposed minimum required number of units for a project to be eligible for the Accelerated MUPTE is four units if the units are new construction, or two units if the units are created through the conversion of a property to residential from another use. If the project would remove existing housing units (for example, because existing units are demolished or converted to another use) the final construction must result in an increased number of residential units of at least 150% of the original number of residential units on the site. Projects must have a minimum density of 25 units per acre (though this does not apply to conversions). These minimum unit and density requirements are consistent with the Downtown Fee Assistance Program recently approved by the

Urban Renewal Agency Board.

Community Review Panel

The Accelerated MUPTE pilot program would not require evaluation of Accelerated MUPTE applications by a Community Review Panel. Staff will continue to review applications for compliance with Council-approved criteria.

Other MUPTE Components

Below is a summary of other components of the existing MUPTE program that will remain part of the Accelerated MUPTE. Staff have also identified opportunities for improved efficiency, which will be incorporated into the Accelerated MUPTE program.

Public Benefit Criteria

In addition to Project Need, described above, Accelerated MUPTE projects would be required to meet the six other public benefit criteria applicable to all MUPTE applications. As noted below, two of the public benefit criteria (Compact Urban Development and Green Building Features) would be slightly modified for the Accelerated MUPTE program to streamline the requirement (in the case of Compact Urban Development) and add flexibility for developers (in the case of Green Building) while still ensuring that all projects which receive the exemption provide the public benefits identified by Council.

1. **Compact Urban Development:** Specific density minimums based on zoning.
 - **Efficiency opportunity:** Minimum density of 25 units per acre in the Accelerated MUPTE program boundary area, regardless of zoning.
2. **Green Building Features:** Projects must perform at least 10% more efficiently than current building energy code. Projects choose one of three pathways to achieve this.
 - **Efficiency opportunities:**
 - Add “EarthAdvantage” as an additional pathway to meet green building requirements for projects with 4 or more stories.
 - Add flexibility to energy modeling requirements, which are currently very prescriptive.
 - Remove redundancies with Climate Friendly and Equitable Communities (CFEC) changes being implemented City-wide.
 1. For example, the MUPTE program requires projects with onsite parking provide conduit for electric vehicle charging, but does not provide a minimum requirement. CFEC requires 40% of on site parking include conduit for electric vehicle charging.
3. **Local Economic Impact Plan:** Projects must provide a plan demonstrating efforts toward goal of keeping 50% of the dollar volume with local firms, provide opportunities for Minority and Women Business Enterprises to compete for contracts, and follow wage, tax, and licensing laws.
4. **Moderate-Income Housing Contribution:** Developer either a) pays a fee (10% of total tax exemption) to be dedicated to moderate-income housing or b) include at least 30% of the units at moderate-income housing rents.
5. **Project Design and Compatibility:** Projects must meet basic design concepts. The City’s Urban Design team evaluates the design.

6. **Historic and Existing Housing Sensitivity:** Projects must mitigate impacts to historic locales and justify elimination of existing housing.

Neighborhood Engagement

Accelerated MUPTE applicants will be required to conduct neighborhood engagement with the Downtown Neighborhood Association (DNA), meeting with the DNA at least once prior to applying in order to present the project, including unit make-up and building/site design. If an application is approved, developers must have additional engagement to solicit comments on their refined designs.

Post-Approval Compliance

Consistent with the existing MUPTE program, the Accelerated MUPTE program will include a number of requirements that projects must continue to meet after the approval of a MUPTE, both during construction and during the tax exemption period. Non-compliance will risk revocation of the tax exemption. Compliance requirements include:

- Verification that projects are built as approved (including unit number, mix, and type)
- Construction adheres to the approved project design. Approval from the Urban Design team and the City Manager is required for any deviations of the approved design.
- Additional neighborhood engagement, to solicit feedback on refined project design.
- Moderate-income housing contribution (unit designation or fee payment).
- Provide information on contractors and labor workers.
- Provide documents demonstrating adherence with green building requirements.

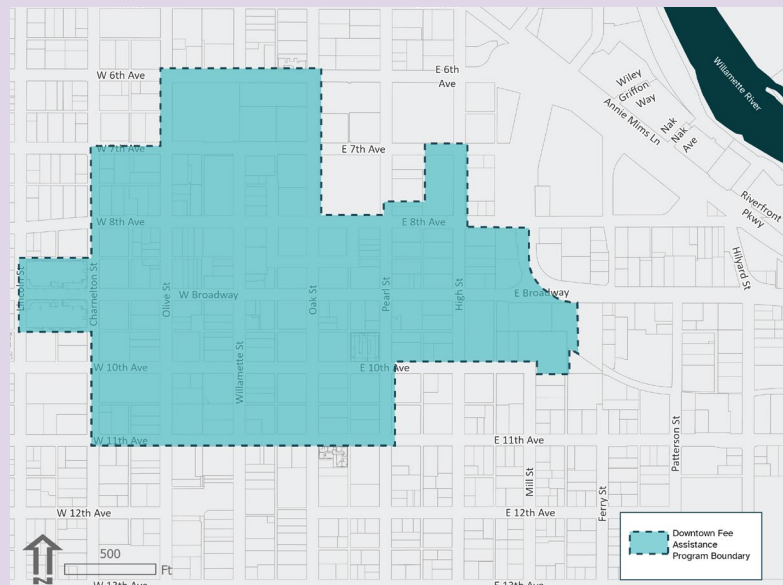
Proposed Accelerated MUPTE Program – Additional Background

The proposed Accelerated MUPTE pilot program described in Attachment B incorporates staff's recommendation for various program elements. This attachment includes background and additional context around staff's recommendations, how they achieve the program objectives listed above, and other alternatives Council could consider.

Program Boundary

Projects would need to be located within an established program boundary in order to be eligible for the Accelerated MUPTE.

Staff recommendation: In order to focus investment, staff suggest that only housing projects located in the downtown core could be eligible for an Accelerated MUPTE. Staff recommend using the Downtown Fee Assistance program boundary, shown below, for the Accelerated MUPTE program.



Alternative: Council could choose to move forward with a different program boundary.

Project Need

One of the public benefit criteria required in the existing MUPTE program is the demonstration of financial need. Each application includes a financial pro forma to demonstrate need throughout the duration of the exemption period, and the pro forma is reviewed by staff, a third-party consultant, and the Community Review Panel before Council takes action on the application. The MUPTE application fee paid by applicants offsets the cost of this third-party consultant. During a pilot period for the Accelerated MUPTE program, Council could consider revising the process of review of Project Need for housing projects in the proposed boundary to save time for applicants and reduce costs, especially for small housing projects.

Staff recommendation: Staff evaluates Project Need using the Downtown Fee Assistance criteria: “Projects must demonstrate financial need by showing that, in the absence of the Downtown Fee Assistance program, either: a) total project cost exceeds project value at stabilization; or b) the yield on cost at stabilization (net operating income divided by total project cost) is less than 6.0%. Total project cost may include imputed land cost and developer fees totaling up to 5% of hard costs, including land. Project value is based on pro forma stabilized net operating income and current capitalization rate for multi-family property in the region. Stabilization is the period that the project is projected to be fully leased. City of Eugene staff will review assumptions regarding rents, income, capitalization rate, and development costs that are included in the demonstration of financial need. “

Alternative: Council could choose to incorporate a different method to demonstrate project need.

Community Review Panel

Council could consider removing the Community Review Panel requirement from the Accelerated MUPTE during the pilot period in the proposed program area. This would reduce the application review time by two to four months.

Staff recommendation: Remove the Community Review Panel evaluation requirement during the Accelerated MUPTE pilot period in the proposed program area.

Alternative: Keep the Community Review Panel evaluation requirement.

Application Approval

In the existing MUPTE program, Council reviews and takes action on all MUPTE applications. Developers have indicated that the uncertainty around the existing approval process of MUPTE applications is a barrier to their use of program and housing development. Due to the uncertainty, most developers pause their work until Council is able to make a decision. An alternative method of approval would shorten the amount of time required to review and make decisions on applications, reducing uncertainty for developers and allowing projects to move forward more quickly.

Until last year, state statutes required that governing bodies act on MUPTE applications. During the 2023 session, the state legislature amended the MUPTE statutes to remove the requirement that only governing bodies could make decisions on MUPTE applications, meaning Council could delegate action to the City Manager. Given Council’s discussion at the January work session, staff recommend that Council continue to act on Accelerated MUPTE applications, but to consider them as Consent Agenda items, similar to the Low-Income Rental Housing Property Tax Exemption program.

Staff recommendation: Council considers Accelerated MUPTE applications as Consent Agenda items.

Alternatives:

- Council approves or denies Accelerated MUPTE applications at work sessions, like the current MUPTE program.
- Council delegates the approval or denial of Accelerated MUPTE applications to the City Manager, based on criteria established by Council.

Minimum Units

The existing MUPTE program requires projects include a minimum of five units. Council could consider reducing the minimum number of units required for an Accelerated MUPTE to encourage new residential construction and residential conversions on very small and constrained parcels, which are common in our downtown core.

Staff recommendation: Change the five-unit minimum to match Downtown Fee Assistance criteria:

- Four units, if new construction
- Two units, if conversion to residential from another use
- If demolishing, increase units by 50%
- Minimum density of 25 units per acre

Alternative: Adjustment to any of the criteria listed above, including retain the 5 unit minimum.