



City Council

500 E 4th Ave., Suite 302

Eugene, OR 97401

541-682-5010 • 541-682-5414 Fax

www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

September 16, 2024

5:30 p.m. CITY COUNCIL PUBLIC HEARING

City Council meetings are 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 September 16, 2024; Her Honor Mayor Lucy Vinis Presiding

Councilors

Matt Keating, President

Emily Semple

Alan Zelenka

Greg Evans

Randy Groves, Vice President

Lyndsie Leech

Jennifer Yeh

Mike Clark

5:30 p.m. CITY COUNCIL PUBLIC HEARING

- 1. PUBLIC HEARING: An Ordinance Concerning Multi-Use Property Tax Exemption and amending Sections 2.945 and 2.946 of the Eugene Code, 1971.**
- 2. PUBLIC HEARING: An Ordinance Concerning Public Passenger Vehicle Services and Amending Section 3.345(7) of the Eugene Code, 1971.**

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



Public Hearing: An Ordinance Concerning Multi-Use Property Tax Exemption and amending Sections 2.945 and 2.946 of the Eugene Code, 1971.

Meeting Date: September 16, 2024
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

This public hearing is an opportunity to hear from the community about the proposal to create an Accelerated Multi-Unit Property Tax Exemption (MUPTE) program as part of the Downtown Core Housing Initiative to incentivize the development of housing in the downtown core. City Council discussed the proposed Accelerated MUPTE program on June 24, 2024 and directed the City Manager to prepare a draft ordinance to implement the program and to schedule a public hearing on the ordinance. The draft ordinance is provided in Attachment A. A summary of the proposed Accelerated MUPTE program is in Attachment B.

BACKGROUND

Eugene is facing three crises: 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, which

September 16, 2024 Public Hearing – Item 1

results in more complicated logistics for the builder to manage, including off-site storage, just-in-time delivery, and traffic management. In 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. Inflation has increased the cost of materials and labor; 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 completed 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 C 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. Today's public hearing is an opportunity for the public to provide comments on the proposed Accelerated MUPTE program before Council considers action on the ordinance.

Accelerated MUPTE

As presented to Council, an Accelerated MUPTE would 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; since the program rules were rewritten in 2015, only larger development projects have taken advantage of the existing MUPTE program. At the January 22, 2024, work session, Council directed the City Manager to prepare an Accelerated MUPTE program proposal for Council's review. Council reviewed the proposal on June 24, 2024 and directed the City Manager to prepare a draft ordinance that would implement the proposed program and to schedule a public hearing on the ordinance.

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. The draft ordinance in Attachment A includes the code changes needed to implement the proposed Accelerated MUPTE program summarized in Attachment B.

As it is currently proposed, the Accelerated MUPTE would be a pilot program that would complement the existing MUPTE program. The Accelerated MUPTE program would offer a streamlined process to allow certain housing developments to qualify for a ten-year property tax exemption on new construction. It would be available to only those projects located within the boundary shown on the map in Attachment B and is proposed to be made available to projects with four units or more, if the applicant proposes new building construction, and two units or more if the applicant proposes conversion of an existing building (the existing MUPTE program requires a minimum of five units). The proposed Accelerated MUPTE program also incorporates opportunities to 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 would improve the program's efficiency. See Attachment B for more information about these efficiency changes and how they will be incorporated either into the ordinance or the administrative rules.

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

Council will consider action on this ordinance at a future date. If the ordinance is approved, staff will initiate an update of the program's administrative rules to reflect the changes.

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 automobile trips.

[Housing Implementation Pipeline \(HIP\)](#)

Encouraging compact development in the downtown core is one critical way to provide housing

for our growing community. 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 City Council Work Session

Council discussed the Housing Implementation Pipeline and downtown housing.

Councilor Yeh, seconded by Councilor Syrett 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 City Council Work Session

Councilor Groves, seconded by Councilor Keating, 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 Agency Board Work Session

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

Councilor Keating, seconded by Councilor Groves, moved to adopt a resolution creating a Downtown Fee Assistance pilot program for Downtown Urban Renewal District, as shown in Attachment B.

Passed 6:1 (Opposed by Councilor Zelenka)

Councilor Keating, seconded by Councilor Groves, moved to adopt a resolution creating a Downtown Fee Assistance pilot program for the Riverfront Urban Renewal District, as shown in Attachment C.

Passed 6:1 (Opposed by Councilor Zelenka)

June 24, 2024 City Council Work Session

Councilor Groves, seconded by Councilor Zelenka, moved to direct the City Manager to prepare a draft ordinance consistent with the proposal in Attachment B and schedule a public hearing on the ordinance.

Passed 7:0

COUNCIL OPTIONS

No action is required at this time. Council action on the proposed ordinance will be scheduled for a future date.

CITY MANAGER'S RECOMMENDATION

None.

SUGGESTED MOTION

None.

ATTACHMENTS

- A. Proposed Ordinance
- B. Proposed Accelerated MUPTE Pilot Program
- C. Downtown Housing Overview

FOR MORE INFORMATION

Staff Contact: Amanda D'Souza, Development Programs Manager

Telephone: 541-682-5540

Staff E-Mail: ADsouza@eugene-or.gov

ORDINANCE NO. _____

AN ORDINANCE CONCERNING MULTIPLE-UNIT HOUSING PROPERTY TAX EXEMPTION; AMENDING SECTIONS 2.945, 2.946 AND 2.947 OF THE EUGENE CODE, 1971; AND PROVIDING A SUNSET DATE.

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Section 2.945 of the Eugene Code, 1971, is amended to provide as follows:

2.945 Multiple-Unit Housing – Property Tax Exemption.

(1) The provisions of ORS 307.600 to 307.637 enable cities to grant local property tax exemptions for multiple-unit housing located in core and transit oriented areas designated by the city. There is a need and demand for better housing at rental rates or sale prices accessible to a broad range of the general public in the core and transit oriented areas which is not likely to be produced without this incentive. This incentive is intended to:

- (a) Stimulate the construction of transit supportive multiple-unit housing in the city's core and transit oriented areas to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work;
- (b) Encourage the development of vacant or under-utilized sites in core and transit oriented areas, rather than sites where sound or rehabilitable multiple-unit housing exists;
- (c) Encourage the development of multiple-unit housing, with or without parking, in structures that may include ground level commercial space;
- (d) Encourage the development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures;
- (e) Encourage the development of multiple-unit housing, with or without parking, on existing surface parking lots; and
- (f) Preserve existing publicly assisted housing that is affordable to low income persons by providing the incentives authorized in ORS 307.600 to 307.637 to existing multiple-unit housing that is subject to a low income housing assistance contract with an agency or subdivision of this state or the United States.

(2) The provisions of ORS 307.600 to 307.637 are hereby adopted as the city's multiple-unit housing property tax exemption program.

(3) Application Requirements.

(a) Applications for property tax exemption hereunder shall be filed with the city manager and shall be accompanied by an application fee. The application shall contain the information required by, and be processed in accordance with, administrative rules adopted by the city manager in the manner described in section 2.019 of this code. The application shall clearly state whether the applicant elects to have the application evaluated under the Standard MUPTE criteria in EC 2.946(2)(d) or the Accelerated MUPTE criteria in EC 2.946(2)(e).

(b) Whether the applicant elects to proceed under either the Standard MUPTE criteria in EC 2.946(2)(d) or the Accelerated MUPTE criteria in EC 2.946(2)(e). Prior to filing the application, the applicant, including at least one of the applicant's principals, must have arranged for and attended one public engagement opportunity with residents in the neighborhood, including the board of any city-recognized affected neighborhood association, and then included in the application copies of comments received from the meeting or documentation of the applicant's attempt to solicit comments.

(4) Application Review and City Manager Recommendation.

(a) If the applicant elects to proceed under the Standard MUPTE criteria in EC 2.946(2)(d). Following receipt of a completed application, the city manager shall retain an independent outside professional consultant to review the project's financial pro-forma, with the costs of that review to be paid for by the applicant. The city manager shall also convene the review panel authorized by subsection ~~(843)~~ of this section to review the application and the independent consultant's conclusions. The review panel shall make a recommendation to the city manager about whether the application meets the criteria in section 2.946~~(2)(d)~~, and provide any other comments about the project's financial projections. After the city manager receives the review panel's recommendation and comments, but in no event later than 135 days following ~~submission~~-receipt of the application, the city manager shall provide the council with the city manager's recommendation on the application, and shall provide to the council the independent consultant's conclusions as well as the review panel's conclusions.

(b) If the applicant elects to proceed under the Accelerated MUPTE criteria in EC 2.946(2)(e), no later than 135 days following receipt of a complete application, the city manager shall provide the council with the city manager's recommendation on the application.

(5) Council Consideration.

(a) Upon receipt of the city manager's written recommendation on an application, the council shall consider the application, the city manager's written recommendation, and any written comments submitted on the application. If the council fails to act on an application within 180 days from the date it was filed, the application shall be deemed approved and processed thereafter in accordance with subsection ~~(6-49)~~(b) of this section.

~~(b) (6)~~—At the meeting at which the city manager's recommendation on an application is considered, or at a subsequent meeting, the council shall adopt a resolution approving the application and granting the property tax exemption; or adopt a resolution disapproving the application and denying the property tax exemption.

~~(c) (7)~~ The council shall approve an application if the council determines that the applicable criteria described in section 2.946(2) of this code have been met. The resolution approving the exemption shall set forth any specific conditions of approval. The exemption may not include the land or any improvements not a part of the multiple-unit housing. The exemption may include parking constructed as part of the multiple-unit housing construction, addition or conversion, and commercial property to the extent that the commercial property is a required design or public benefit element of a multiple-unit housing construction, addition or conversion approved by the city. In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, only the increase in value attributable to the addition or conversion may be exempt from taxation.

~~(d) (8)~~ If the council determines that one or more of the applicable criteria in section 2.946(2) of this code are not met, the council shall deny the application. The resolution denying an application shall set forth the specific reasons for denial.

~~(6-9)~~ Resolution Filing.

(a) The city manager shall forward to the applicant a copy of the resolution adopted by the council within 10 days ~~from~~ following the date the council acts on the application. In addition, on or before the April 1st next following the approval, the city manager shall file with the county assessor a copy of the resolution approving an application.

~~(b) (10)~~—With respect to an application deemed approved through inaction of the council under subsection (5)(a) of this section, on or before the April 1st next following the expiration of the 180-day period, the city manager shall file with the county assessor an administrative order containing the same findings and information as required to be set forth in a resolution approving an application and forward a copy thereof to the applicant.

~~(11) In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, only the increase in value attributable to the addition or conversion may be exempt from taxation.~~

(~~7~~42) Notwithstanding subsection (6) of section 2.947 of this code, if ~~the~~ multiple-unit housing granted an exemption pursuant to subsection (5) of this section is or becomes subject to a low income rental assistance contract with an agency of this state or the United States, the city may extend the exemption through June 30 of the tax year during which the expiration date of the contract falls.

(~~8~~43) *Review Panel.*

(a) The city manager shall create a review panel to provide third-party review of ~~individual~~ applications subject to the Standard MUPTE criteria under EC 2.946(2)(d). The panel shall be comprised of the following members:

1. Two at-large neighborhood representatives selected by neighborhood association boards;
2. An additional two representatives selected by the board of the neighborhood association from the neighborhood in which a proposed project is located; and
3. Six technical professionals from the following six groups: architects/green building specialists; building trades union; developers; environmental professionals; public health professionals; and human rights representatives.

In order to be eligible to serve on the review panel, members must sign a confidentiality agreement in a form approved by the city manager.

(b) The review panel shall:

1. Review project applications subject to the Standard MUPTE criteria under EC 2.946(2)(d). ~~The review shall include,~~ ~~including~~ compliance with the criteria contained in section 2.946(2)(d) and the independent outside professional consultant's review of the proforma as described in ~~subsection (4)~~ EC 2.945(4)(a);
2. For projects approved pursuant to the Standard MUPTE criteria in EC 2.946(2)(d), ~~M~~midway through construction, upon completion of construction, and during the tax exemption period, assist the city manager in reviewing ~~an approved~~ the project's compliance with the requirements of section 2.946(2)(d) of this code, and the resolution approving the tax exemption; and

3. Assist the city manager in preparing annual reports to the council on the progress that will also include information about the program volume cap and review of the documentation required under subsection (3)(c) of section 2.946 of this code.

Section 2. Section 2.946 of the Eugene Code, 1971, is amended to provide as follows:

2.946 Multiple-Unit Housing – Threshold Criteria and Public Benefits.

(1) *Boundaries.*

(a) Except as provided in EC 2.946(1)(b), s~~Sections~~ 2.945 through 2.947 of this code shall ~~initially~~ apply only to ~~the property that is~~ the following areas:

1. Properties located in the ~~In the downtown area as~~ depicted on Map 2.946(2)(d)2. ~~attached to Ordinance 20556 and appended to chapter 2 of this code~~; and
2. ~~East of Charnelton Street~~ Properties located in the area depicted on Map 2.946(2)(e)2.

(b) The council may expand the boundaries covered by sections 2.945 through 2.947 of this code to include one or more of the areas listed in this subsection (b) upon city council's approval of:

1. Amendments to sections 2.945 to 2.947 of this code that require that a percentage of the units in an approved tax exemption project must be workforce housing as that term is defined in subsection (2)(~~dh~~)9. of this section 2.946, or that the developer must make a commensurate "in-lieu of" payment to the city that is based on workforce housing rental rates, and that those payments shall be used to facilitate or develop workforce housing; and
2. Refinement plan policies that specifically provide for multiple-family and mixed use projects within that area, and that those policies are acknowledged pursuant to ORS 197.625.

The areas that the council may approve pursuant to this subsection are: the downtown area west of Charnelton; Mid-town; South Willamette; West 11th; 6th/7th Trainsong Highway 99 Corridor; Valley River Center commercial area; North Franklin; South River Road; Mid-River Road; North River Road; South Coburg Road; Mid-Coburg Road; and North Coburg Road. Any ~~resolution approving~~ Council approval of one or more of these areas shall ~~have~~ include a map ~~appended to it identifying~~ that identifies the precise boundaries of the area being approved and shall include the density required for approval of multiple unit tax exemptions in that area.

(2) *Criteria for Approval.* No exemption may be approved under subsection ~~(57)~~ of section 2.945 of this code unless the application complies with the approval criteria in EC 2.946(2)(a) through (c) and either all of the following Standard MUPTTE approval criteria in EC 2.946(2)(d), or all of the Accelerated MUPTTE approval criteria in EC 2.946(2)(e).~~are met:~~

(a) *Project Completion.* In the case of the construction of, or the addition or conversion to, multiple-unit housing, the construction, addition, or conversion will be completed on or before January 1, 2032.

(b) *Multiple Unit Housing Subject to a Low Income Assistance Contract.* In the case of multiple-unit housing subject to a low income housing assistance contract with an agency or subdivision of this state or the United States,

1. The application for exemption was made on or before January 1, 2032;

2. It is important to the community to preserve the housing as low income housing and it is probable that the housing would not be produced as or remain low income housing without the exemption being granted.

(c) *No Transient Accommodations.* The multiple-unit housing is not designed for, and will not be used as, transient accommodations.

(d) *Standard MUPTTE Approval Criteria.*

1. *Eligible Project Types.* The project will provide multiple-unit housing of five or more new units through new construction, an addition to an existing structure, or a conversion of a structure from another use to dwelling units. Notwithstanding the preceding sentence, no exemption may be granted for a 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.

2. *Location.* The project must be located within the area depicted on Map 2.946(2)(d)2.

~~(b)-~~3. *Project Need.* The proposal could not financially be built “but for” the tax exemption. The burden is on the applicant to demonstrate that absent the exemption, the project would not be financially viable.

~~(c)-~~4. *Compact Urban Development.* For the downtown area, the project meets one of the following density requirements:

a4. Residential zones: 175% of the minimum density for the applicable to the zone.

b2. Form-based zones with height limit of three or four stories: 30 units per acre.

~~For any other area that council activates under subsection (1)(b) above, density requirements shall be stated in the area plan or other process that activates the area.~~

5. Historic Resources.~~(d)~~ The project complies with any requirements in administrative rules adopted by the city manager related to proximity to historic resources.

6.~~(e)~~ *Project Design and Compatibility.*

a4. The applicant has included a detailed description of the proposed project and graphic information including site plans and elevations containing sufficient detail to demonstrate that the project addresses a set of basic design principles in the context of the project location. The city manager shall adopt as part of the administrative rules to implement these sections a more detailed description of the required design principles, including the scale, form, and quality of the building; the mix of project elements; and the relationship to the street and surrounding uses.

b2. Compliance with the project design elements that were reviewed at the time of council approval is a condition of approval of the exemption, except that the city manager may approve a deviation from those design elements if the city manager determines in writing that the deviations provide the same or greater degree of adherence to the design principles.

7.~~(f)~~ *Green Building.*

a4. Green building requirements apply only to the residential occupancy areas and common areas such as hallways, stairwells, centralized HVAC or hot water heating, and laundry facilities. The requirements do not apply to the commercial areas or ancillary amenities such as parking garage, swimming pools, and recreation centers.

b2. The project will perform at least 10% more efficiently than the performance established in the Oregon Energy Efficiency Specialty Code (OEESC).

(1)a. Green building requirements for one to three story multiple-family buildings are as follows:

(A4) Obtain LEED v4 ~~for homes low-rise multiple-family basic~~ Homes Design and Construction or LEED v4.1 Residential BD+C Multifamily Homes certification and modeled at least 10% above current OEESC; or

(~~B~~2) Obtain ~~earth advantage multiple family silver level~~ Earth Advantage Silver certification and provide a commissioning report.

(~~2~~)~~b~~. Green building requirements for four stories and above multiple-family buildings are as follows:

(~~A~~4) Obtain LEED v.4 for ~~homes midrise basic~~ Homes Design and Construction or LEED v4.1 Residential BD+C Multifamily Homes certification and modeled at 10% above current OEESC; or

(B) Obtain Earth Advantage Silver certification; or

(~~C~~2) City review of the project demonstrates that:

(~~i~~A) Model building energy performance, ~~utilizing the LEED for homes midrise energy modeling methodology,~~ shows that the building will perform 10% above current OEESC performance;

(~~ii~~B) The building is constructed to modeled plans;

(~~iii~~G) Commissioning report will be provided within 18 months following issuance of certificate of occupancy; and

(~~iv~~D) Applicant commits to working with city to report multiple-family occupancy energy use data to city for the tax exempt period.

(~~D~~3) Projects that will provide onsite parking are required to install conduit for future electric vehicle charging stations.

8.(~~g~~) *Local Economic Impact Plan.*

a4. The applicant must provide a plan that provides for more than 50% of the dollar volume of the combined professional services and construction contracts to include local firms. "Local firm" means a business that is based in Lane County.

b2. The applicant must ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts.

c3. The city manager shall include in the administrative rules adopted to implement sections 2.945 through 2.947 of this code provisions that:

(1)~~a~~. Identify additional requirements for the local economic impact plan, including definitions and exceptions such as when trades are not available locally;

(2)~~b~~. Enable qualified minority and women business enterprises to have an equitable opportunity to compete; and

(3)~~e~~. Ensure that the developer and its contractors and subcontractors comply with wage, tax and licensing laws in the development of the project and posts information about the city's rights assistance program.

~~(H)~~9. Workforce Housing.

a. Except as provided in EC 2.946(2)(d)9.b. ~~f~~Following the city council's compliance with the requirements of subsection (1)(b) of this section 2.946 related to workforce housing and the council's activation of one or more areas listed in subsection (1)(b) of this section 2.946, a developer shall include as workforce housing units not less than the percentage of the units specified in those future code amendments, or alternatively shall pay to the city an equivalent workforce housing fee. "Workforce housing" is housing with rents equal to or less than 30% of the area median income. "Equivalent workforce housing fee" is a fee equal to the difference between the rent charged and workforce housing rents for the percentage of the units specified by the future code amendments

(1)~~4~~. If the developer chooses to include the workforce housing units, the application shall identify which units in the project will be the workforce housing units, and shall maintain those units as such for the duration of the tax exemption period. As part of the administrative rules adopted pursuant to section 2.019 of this code, the city manager may further define "workforce housing unit" and shall establish requirements to ensure that the units are maintained as such during the tax exempt period. For purposes of this subsection, "project" means all new development that occurs after approval of the application on one or more contiguous lots all owned by a single entity or covered by a city-approved master plan.

(2)~~2~~. If the developer chooses to pay the equivalent workforce housing fee, the fee may be paid annually in years 3 through 10 of the exemption~~;~~ or may be paid up front. Funds received by the city under this paragraph shall be used for workforce housing.

b3. The provisions of ~~this subsection (h)~~ EC 2.946(2)(d)9.a. do not apply to tax exemption projects that are located ~~in the downtown area east of Charnelton Street~~ within the area depicted on Map 2.946(2)(d)2. or the area depicted on Map 2.946(2)(e)2. However, the owner of the property shall pay to the city an amount equal to 10% of the total property tax exemption and all such payments shall be dedicated to the facilitation or creation of workforce housing. The fee may be paid annually in years 3 through 10 of the exemption, or may be paid upfront. Alternatively, the owner may comply with the requirement to include not less than 30% of the units as workforce housing pursuant to EC 2.946(2)(d)9.a ~~subsection (2)(h)(1) of this section 2.946.~~

(ei) Accelerated MUPTE Approval Criteria.

1. Required Number of Units.

a. Except as provided in subparagraph 1.b. of this subsection (2)(e), the project will provide at least the following number of new dwelling units:

(1) Four, if the dwelling units will be newly constructed.

(2) Two, if the building or portion of the building where the new dwelling units are located is converted from another use to housing.

b. If the project will cause existing dwelling units to become uninhabitable (for example, because the existing units are demolished or converted to another use) the project must result in a number of dwelling units that is at least 150% of the original number of dwelling units that were located on the site. (For example, if a building containing 10 housing units is demolished, in order for the new units to be eligible for an Accelerated MUPTE, the project must include at least 15 dwelling units.)

2. Property Location. The project must be located within the area depicted on Map 2.946(2)(e)2.

3. Compact Urban Development. Except in the case of the conversion of a building or portion of a building from another use to housing, the project must result in a minimum residential density of 25 units per acre.

4. Eligible Project Types. No exemption may be granted for a 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.

5. Project Need.

a. Projects must demonstrate financial need by showing that, without the multiple-unit property tax exemption, either:

(1) Total project cost exceeds project value at stabilization; or

(2) The yield on cost at stabilization (net operating income divided by the total project cost) is less than 6.0%.

b. Total project cost may include imputed land cost and may include developer fees totaling up to 5% of hard costs, including land.

c. Project value is based on pro forma stabilized net operating income and current capitalization rate for multi-unit property in the region.

d. Stabilization is the period that the project is projected to be fully leased.

6. Public Benefit Criteria. The project complies with the criteria in EC 2.946(2)(d)5-9.

~~In the case of the construction of, or the addition or conversion to multiple unit housing, the construction, addition or conversion will be completed on or before January 1, 2032.~~

~~(j) In the case of multiple unit housing subject to a low income housing assistance contract with an agency or subdivision of this state or the United States,~~

~~1. The application for exemption was made on or before January 1, 2032;~~

~~2. It is important to the community to preserve the housing as low income housing and it is probable that the housing would not be produced as or remain low income housing without the exemption being granted.~~

~~(k) The multiple unit housing is not designed for, and will not be used as transient accommodations.~~

(3) Additional and On-Going Obligations of Project Approved for Exemption.

(a) Following approval of an exemption under section 2.945(5)~~6~~ of this code, the city manager shall monitor the development of the project to ensure that the project complies with the requirements of sections 2.945 through 2.947 of this code, including the provision related to workforce housing, the administrative rules adopted pursuant to this code, and any other conditions of approval of the exemption.

(b) During the developer's design process and before the final design drawings are completed, the developer shall hold at least one neighborhood engagement opportunity to allow members of that neighborhood to provide comments on the proposal. At least one of the applicant's principals must attend that meeting. In addition, once the final design is completed and before it is submitted for permits, the developer shall allow the neighborhood an opportunity to review and comment on that final design.

(c) During the exemption period, the project's owner must annually submit documentation to evaluate compliance with workforce housing requirements, unless the project's owner is paying the equivalent workforce housing fee or is exempt pursuant to ~~subsection (2)(h)~~ [EC 2.946\(2\)\(d\)9.b.](#) of this section. The regular reporting shall include the home city or zip code of the construction labor workers, and any other information required by administrative rules adopted pursuant to section 2.019 of this code.

Section 3. Section 2.947(8) of the Eugene Code, 1971, is amended to provide as follows:

2.947 Multiple-Unit Housing – Termination of Approval, Review.

(8) Notwithstanding subsections (1) through (7) of this section, if applicant, developer or other owner of the project has failed to comply with the requirements of ORS 307.600 through 307.637, sections 2.945 through 2.947 of this code or the administrative rules adopted thereunder, or a resolution adopted pursuant subsection ~~(75)~~[\(c\)](#) of section 2.945 of this code, in lieu of subsections (1) through (7) of this section, the city manager may impose penalties as set forth in section 2.1995 of this code. Each day in which a violation is caused or permitted to exist constitutes a separate violation. Failure to pay an administrative penalty authorized by this subsection shall be grounds for terminating the exemption under subsections (1) through (3) of this section.

Section 4. Map 2.946 of the Eugene Code, 1971, is deleted from Chapter 2 of the Eugene Code, 1971.

Section 5. Map 2.946(2)(d)2. as referenced in this Ordinance and attached hereto as Exhibit A shall be numerically incorporated in Chapter 2 of the Eugene Code, 1971.

Section 6. Map 2.946(2)(e)2. as referenced in this Ordinance and attached hereto as Exhibit B shall be numerically incorporated in Chapter 2 of the Eugene Code, 1971.

Section 7. The City Council hereby designates the area shown on Map 2.946(2)(e)2. attached as Exhibit B to this Ordinance (the Accelerated MUPTE Area) as the area of eligibility for a multi-unit property tax exemption pursuant to the criteria in EC 2.946(2)(e)2. The City Council finds that multiple-unit housing meeting the approval criteria in EC 2.946(2)(e)2. would not be built or preserved in the Accelerated MUPTE area without the multi-unit property tax exemption. The Council's designation of the Accelerated MUPTE Area is consistent with the requirements of EC 2.946(1)(b), because:

1. The City Council has approved amendments to the Eugene Code, 1971, located in EC 2.946(2)(d)9.a. that require that a percentage of the units in an approved tax exemption project must be workforce housing as that term is defined in EC 2.946(2)(d)9. or the developer must make a commensurate "in-lieu of" payment to the city that is based on workforce housing rental rates (or, in the case of the areas shown on Map 2.946(2)(d)2. and Map 2.946(2)(e)2., a commensurate "in-lieu of" payment to the City that is 10% of the exemption amount), and that those payments shall be used to facilitate or develop workforce housing; and
2. The City Council has approved refinement plan policies that specifically provide for multiple-family and mixed use projects within the area shown on Map 2.946(2)(e)2. The applicable refinement plan policies are included in the Downtown Plan, an acknowledged refinement plan of the Eugene-Springfield Metropolitan Area General Plan, that is adopted by the Eugene City Council.

Section 8. On or before January 1, 2027, the City Council shall be provided with data related to performance metrics for the Accelerated MUPTE program for Council's review.

Section 9. This Ordinance shall sunset and be repealed on January 1, 2030, unless extended or made permanent by future Council action.

Section 10. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Section 11. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

Passed by the City Council this

___ day of _____, 2024

City Recorder

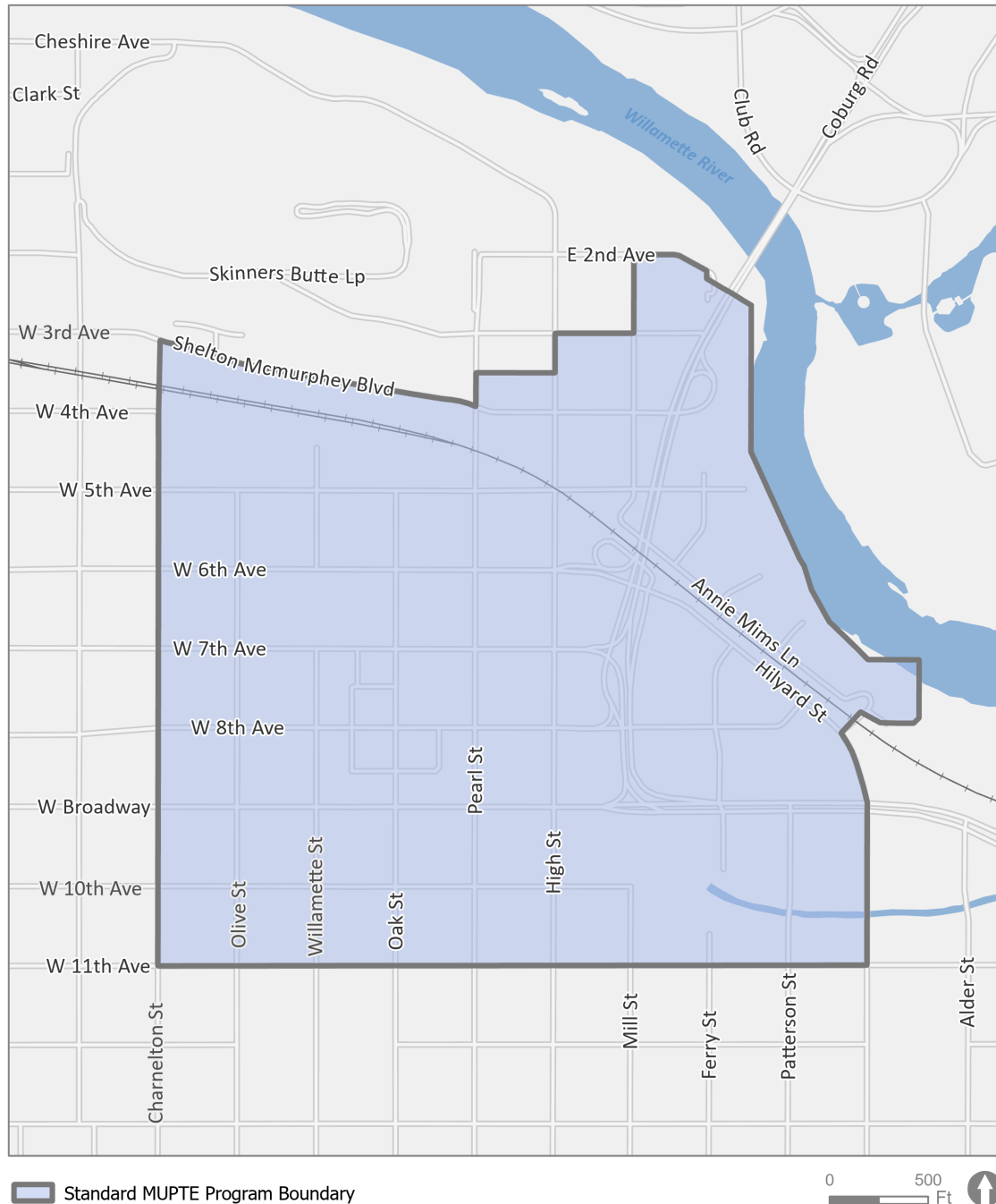
Approved by the Mayor this

___ day of _____, 2024

Mayor

Exhibit A

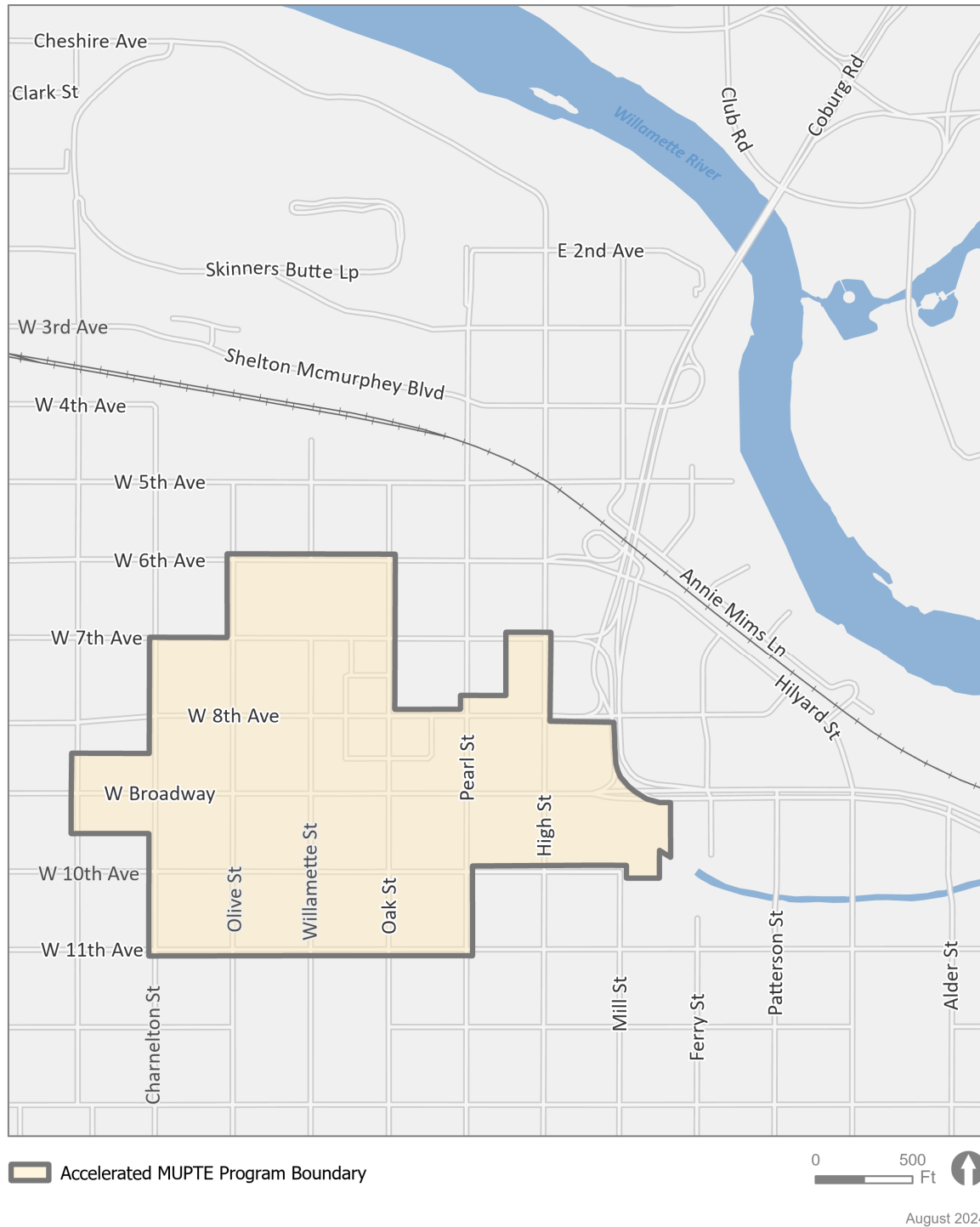
Map 9.946(2)(d)2
Standard MUPTe Program Boundary



August 2024

Map 9.946(2)(e)2

Accelerated MUPTE Program Boundary



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 exempts new multi-unit projects from 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 C 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 (in addition to application preparation), 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 Standard MUPTE program and would only be available in the downtown core.

An Accelerated MUPTE program could:

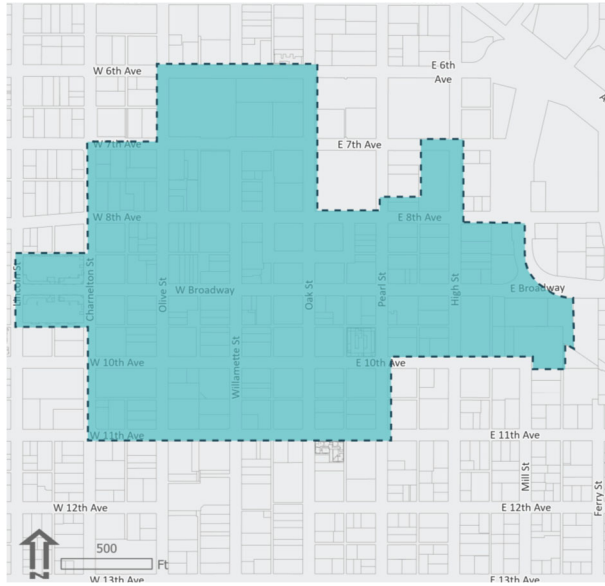
- Shorten the application timeline, allowing projects to move forward more quickly, and adding certainty to the application process;
- Reduce administration time and costs for the City; and
- Reduce the time and resources required of developers to assemble application materials. This could make an Accelerated 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 draft ordinance in Attachment A implements the program as it is described below. The program overview incorporates staff's recommendations for an Accelerated MUPTE program.

Program Boundary

Projects must be located within this established program boundary in order to be eligible for the Accelerated MUPTE. In order to focus investment in the downtown core, the proposed Accelerated MUPTE program uses the Downtown Fee Assistance boundary as the eligibility area.



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.

In order to save time for applicants and reduce costs, especially for small housing projects, the proposed Accelerated MUPTE program revises the process of review of Project Need. Staff will evaluate Project Need using the Downtown Fee Assistance criteria, specifically:

Accelerated MUPTE 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

In the existing MUPTE program, Council reviews and takes action on all MUPTE applications at work sessions. 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. In the proposed Accelerated MUPTE program, Council would continue to act on applications, but will generally consider them as Consent Agenda items, similar to the Low-Income Rental Housing Property Tax Exemption program. This would shorten the amount of time required to review and make decisions on applications, reducing extended periods of uncertainty for developers and allowing projects to move forward with fewer delays.

Minimum Units

The existing MUPTE program requires projects to include a minimum of five units. To encourage new residential construction and residential conversions on very small and constrained parcels, which are common in our downtown core, the proposed Accelerated MUPTE program includes alternative minimums.

The proposed minimum 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. The Compact Urban Development criteria described below also sets a minimum density requirement. 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 applications by the Community Review Panel. This would reduce the application review time by two to four months. Staff will continue to review applications for compliance with Council-approved criteria.

Other MUPTE Components

Below is a summary of additional components of the existing MUPTE program that will apply to the Accelerated MUPTE program. Staff have also identified opportunities for improved efficiency, which will be incorporated into the Accelerated MUPTE and the Standard 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. The proposed ordinance in Attachment A includes minor modifications that incorporate efficiency opportunities for two public benefit criteria (Compact Urban Development and Green Building Features) described below.

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. This change will only apply to the Accelerated MUPTE program and streamlines the requirement for projects in that boundary.
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:** These changes will apply to both the Accelerated and Standard MUPTE programs.
 - Add “EarthAdvantage” as an additional pathway to meet green building requirements for projects with 4 or more stories. (EarthAdvantage is already an eligible pathway for projects with 1-3 stories.) This is incorporated into the draft ordinance in Attachment A.
 - Add flexibility to energy modeling requirements, which are currently very prescriptive in identifying a specific modeling methodology. Allowable energy modeling methodologies will be further defined in the administrative rules if the Accelerated MUPTE ordinance is approved. The draft ordinance in Attachment A eliminates the specific methodology outlined in Eugene Code and only requires demonstration of performance 10% better than current building energy code.
 - Remove redundancies with Climate Friendly and Equitable Communities (CFEC) changes being implemented City-wide. Removal of redundancies will be addressed in the administrative rules if the Accelerated MUPTE ordinance is approved.
 - 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.
 - Update the names of LEED’s green building certification programs to reflect current naming standards. This is incorporated into the draft ordinance in Attachment A. Staff identified this efficiency opportunity while drafting the proposed ordinance.

For the following criteria (#3-6), the criteria remain unchanged for the MUPTE program, and the Accelerated MUPTE would follow the existing requirement of the Standard MUPTE program.

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) includes 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.

Additional Efficiency Changes

In addition to the efficiency changes summarized above, the ordinance includes the following additional efficiency changes:

- Deletes Eugene Code (EC) 2.945(11) because it was duplicative of language already included in what is now EC 2.945(5)(c); and
- Includes a finding of compliance with the expansion criteria outlined in 2.946(1) because the Accelerated MUPTE boundary includes one block west of Charnelton.

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.

Downtown Housing Overview

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

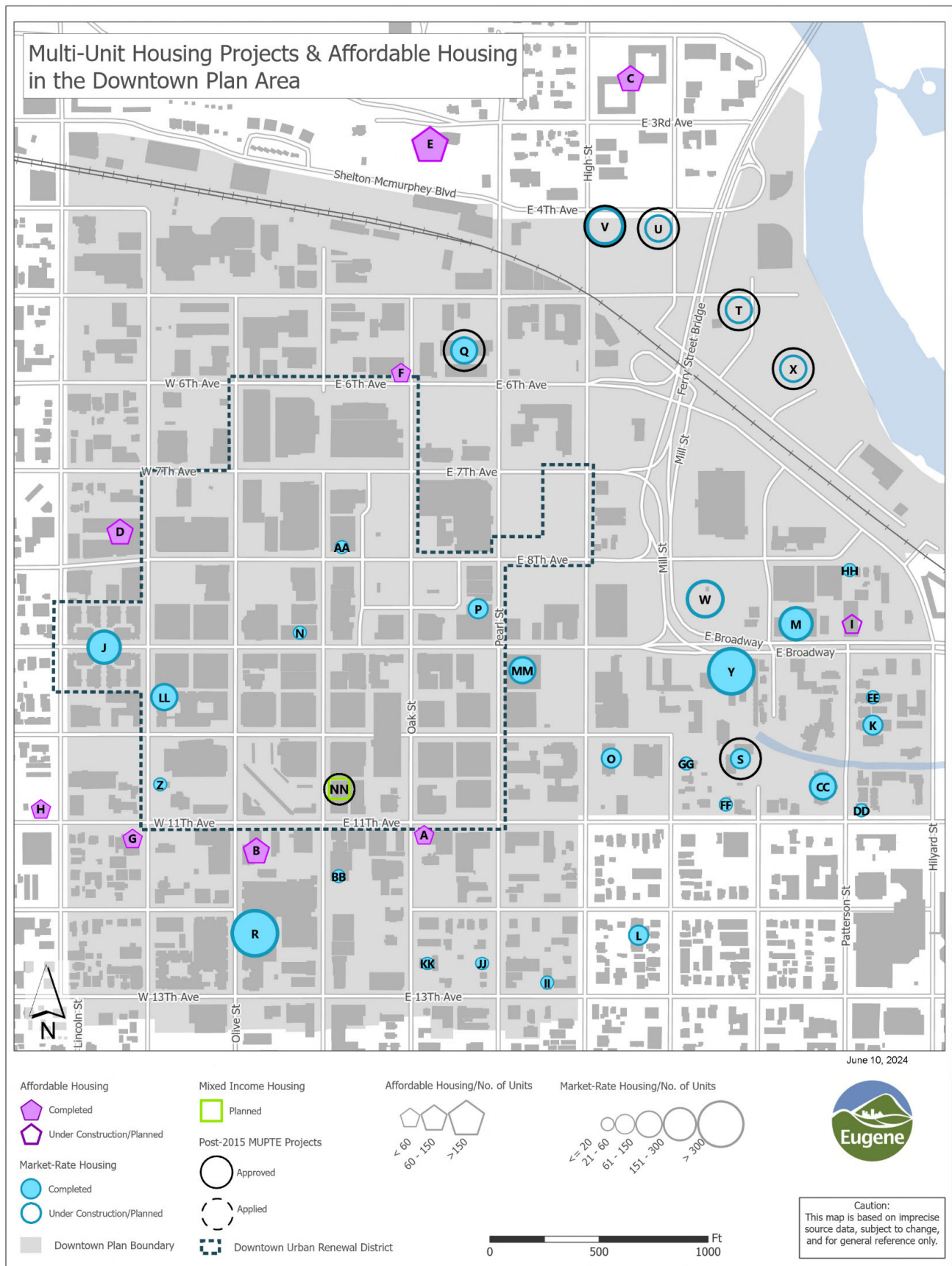
Current Downtown Housing Supply

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 August 30, 2024)

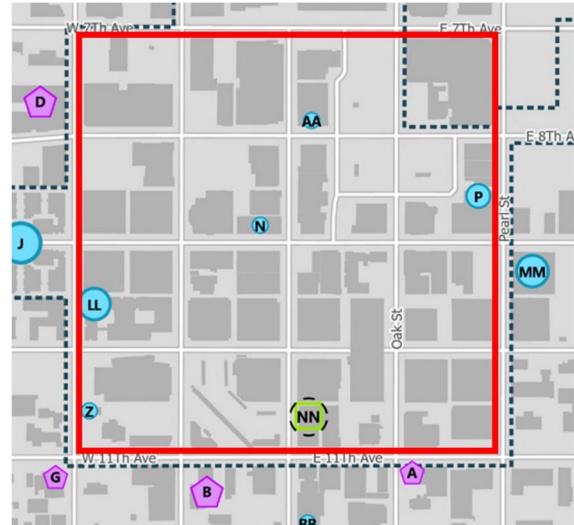
Label	Project Name	# of Units	Year Built/Status	Housing Type	MUPTE?
A	The Aurora	54	2003	Affordable	
B	Olive Plaza	150	1978	Affordable	
C	Parkview Terrace	150	1966	Affordable	
D	WestTown on 8th	102	2008	Affordable	
E	Ya-Po-Ah Terrace	224	1967	Affordable	
F	Market District Commons	50	2020	Affordable	
G	The Nel	45	2021	Affordable	
H	Ketanji Court	59	2022	Affordable	
I	Bridges on Broadway	57	Under construction	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	2024	Market-rate	Yes
U	The Portal	130	Under construction	Market-rate	Yes
V	The Landing	237	Planned	Market-rate	Yes
W	The Standard	247	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

3

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 (MUPTE) 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 MUPTe 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 MUPTe boundary within the West University neighborhood and excluded student housing from being an eligible project type.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Public Hearing: An Ordinance Concerning Public Passenger Vehicle Services and Amending Section 3.345(7) of the Eugene Code, 1971.

Meeting Date: September 16, 2024
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Jeff Petry
Contact Telephone Number: 541-682-5079

ISSUE STATEMENT

This public hearing is an opportunity for the community to provide feedback to the Eugene City Council on proposed changes to the City's Public Passenger Vehicle code (3.345) that would remove restrictions on the use of per trip fee revenue collected from regulation of Public Passenger Vehicle (PPV) Services, e.g. Uber, Lyft, and taxi companies.

BACKGROUND

Eugene City Code (EC) 3.345 provides licensing regulations for Public Passenger Vehicle Services. The code provides a definition of PPVs, establishes the licensing requirement, screening requirements, fare charging requirements and requires adoption of administrative rules by the City Manager.

In 2015, the City Council unanimously approved updates to Eugene's Public Passenger Vehicle code to acknowledge the emergence of new technologies and business models such as Uber and Lyft (Transportation Network Companies) while also ensuring all PPVs operating in Eugene meet community safety standards.

After public outreach to the PPV providers, in 2018, the City Council voted to adopt an ordinance to update the administrative rules to accommodate the technology of the new transportation models, while maintaining community safety standards, such as driver background checks and insurance requirements. The updated administrative rules allowed Transportation Network Companies like Uber and/or Lyft to operate in Eugene.

The 2018 code changes also enabled the City to charge a per trip fee. As written, the purpose of the per-trip fee was to cover program costs to administer EC 3.345, increase the availability of accessible vehicles, and for any other purpose related to PPV services as specified by the City manager. A \$0.20 per trip fee was proposed in 2018, but the City did not implement the per trip fee at that time based on feedback generated by the public process to adopt new fees.

The City is now proposing to implement a \$0.50 per trip fee in conjunction with the City of Springfield. This rate matches the fee charged by the City of Portland. The trip fee is estimated to

September 16, 2024 Public Hearing – Item 2

generate \$350,000 of new General Fund revenue each year and is built into the 2023-2025 Adopted Budget. The proposed ordinance would remove restrictions on eligible uses of per trip fee revenue collected.

The per trip fee is paid by the user and collected by the PPV company for remittance to the City of Eugene. The per trip fee is in addition to the current PPV licensing fee(s), which are paid by the PPV companies, and Driver Certification fees, which are paid by the driver.

The public hearing notice was published in the Register Guard and posted to the City's website on Thursday, August 29, 2024.

RELATED CITY POLICIES

[Financial Management Goals and Policies](#)

C. Revenue and Collection Policies

Policy C.1: Revenue Base

The City will work to diversify the supporting revenue base in the General Fund.

[Supports Strategic Plan Focus Area](#) - Organizational Wellbeing.

Supports implementation of the Sustainable Budget Goal - Create a sustainable budget with balanced revenues and expenditures that provides funding for necessary services in the community.

PREVIOUS COUNCIL DIRECTION

[April 23, 2018 Work Session](#)

Councilor Clark, seconded by Councilor Taylor, moved to adopt Council Bill 5183, an ordinance concerning public passenger vehicle services.

Passed 7:1 (Opposed by Councilor Syrett)

COUNCIL OPTIONS

This is a public hearing only and no action is required at this time. Deliberation and action will be scheduled at a later date.

CITY MANAGER'S RECOMMENDATION

None.

SUGGESTED MOTION

None.

ATTACHMENTS

- A. Proposed Ordinance - Public Passenger Vehicle Services section 3.345(7) of the Eugene Code, 1971.

FOR MORE INFORMATION

Staff Contact: Jeff Petry, Curbside and Admin Services Director
Telephone: 541-682-5079
Staff E-Mail: jpetry@eugene-or.gov

ORDINANCE NO. _____

**AN ORDINANCE CONCERNING AND AMENDING SECTION 3.345(7) OF THE
EUGENE CODE, 1971.**

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Section 3.345(7) of the Eugene Code, 1971, is amended to provide as follows:

3.345 Public Passenger Vehicle Services.

(7) *Per-Trip Fee.* In addition to licensure and certification card fees, a per-trip fee to be paid by the vehicle-for-hire company or the passenger may be established by the city manager pursuant to section 2.020 of this code. ~~The purpose of the per-trip fee is to cover program costs required to adequately administer this Section 3.345 and the administrative rules adopted thereunder, increase the availability of accessible vehicles, and any other purpose related to public passenger vehicle services specifically identified by the city manager in the notice of proposed fee.~~

Section 2. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Passed by the City Council this

___ day of _____, 2024

City Recorder

Approved by the Mayor this

___ day of _____, 2024

Mayor