City Council
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www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

October 23, 2024

12:00 p.m. CITY COUNCIL WORK SESSION

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

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Meeting of October 23, 2024;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Matt Keating, President	Randy Groves, Vice President
Emily Semple	Lyndsie Leech
Alan Zelenka	Jennifer Yeh
Greg Evans	Mike Clark

12:00 p.m. CITY COUNCIL WORK SESSION

1. **WORK SESSION: Revenue Proposal: Fire Service Fee**

2. **WORK SESSION and POSSIBLE ACTION: An Ordinance Concerning Multi-Use Property Tax Exemption; Amending Sections 2.945, 2.946, and 2.947 of the Eugene Code, 1971 and Providing a Sunset Date.**

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.

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EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session: Revenue Proposal: Fire Service Fee

Meeting Date: October 23, 2024
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

As part of the 2023-2025 biennial budget process in Calendar Year 2023, staff were directed to explore revenue alternatives for a critical funding gap in the General Fund to avoid an additional $8 to 10 million in service reductions annually. One of the proposals was to explore a fee to stabilize and enhance fire and emergency medical services (EMS). This purpose of this work session is to review the draft ordinance and fee structure for the proposed Fire Service Fee.

BACKGROUND

Similar to other local governments around the state, the City has been experiencing post pandemic challenges including high inflation, workforce hiring and retention, a housing and unhoused crisis, the need to provide ongoing funding to provide services after one-time state and federal funds expire, and to replenish reserve levels drawn down during the pandemic. The General Fund also continues to have a structural gap, as the cost of General Fund operations continues to outpace revenues. The 2023-2025 Adopted Budget included a revenue placeholder of $8.3 million in the second year of the biennium, which was addressed on the June Supplemental Budget with a combination of budget reductions and revenue adjustments. Additionally, City Council adopted an ordinance expanding the definition of stormwater services to add the operations and maintenance of City-owned parks and open spaces on June 24, 2024. Expanding stormwater service fee eligibility to all parks services allows for a stormwater fee increase to be administratively implemented to generate approximately $1 million in stormwater fee revenue to fund parks and open spaces expenses currently funded by the General Fund. The administrative order to enact the fee became final on October 12, 2024.

The critical funding gap solution presented in the spring also included the concept of Council adopting an ordinance to create a Fire Service Fee that would provide dedicated funding to stabilize and enhance fire and emergency medical services. This solution or other budget adjustments will need to occur in the first year of the next biennium that begins July 2025, to provide continued stability.

During the September 30, 2024, work session Council reviewed a potential structure for a Fire Service Fee, including two different rate structure options. At that time Council provided direction to staff to bring back a draft ordinance for consideration with square footage rate structure that does not differentiate between residential and commercial buildings.

FIRE SERVICE FEE PROPOSAL

The proposed Fire Service Fee would be assessed on developed property and be based on the square footage of buildings associated with a stormwater account. A draft ordinance establishing a Fire Service Fee is included as Attachment A. Several key components of the proposed ordinance and fee structure are described below.

Use of Funds: Fire Service Fee revenue will only be used to fund existing and new fire and emergency medical services, to administer the Fire Service Fee, and to support an income-based assistance program. The proposed fee structure is projected to generate an estimated $10 million in net revenue per year after accounting for the costs of administration, collection, and income-based assistance. The revenue would provide funding for $8 million in existing fire/EMS services currently housed in the General Fund and the potential to add an additional $2 million in expanded fire/EMS services.

Obligation to Pay: If a property is located within Eugene city limits, has an associated stormwater account(s), and contains one or more buildings, the person responsible for paying that property's stormwater charge would also be obligated to pay the Fire Service Fee. There are many different account configurations, but as an example, for a duplex residential building if both residential units are combined onto one stormwater account, the Fire Service Fee would also be grouped onto one account and the fee assessed based on the total square footage of the entire building and billed to the account holder. If the stormwater charges for each unit within the duplex are assessed on separate accounts, the Fire Service Fee would be assessed on the square footage associated with each unit and billed separately.

Basis of Fee: The Fire Service Fee will be based on the total square footage of the building(s), or portion(s) of building(s), associated with a stormwater service customer account. After researching the range of rate structures used by other jurisdictions that assess similar fees, square footage was chosen for the following factors:

1.) The square footage of building(s) on a property allows for a direct nexus to the demand for fire services,
2.) The approach allows for the development of a rate structure which may be more equitable than other approaches such as water meter size and,
3.) Is based on data which is readily available to the City.

Billing Adjustments: If a customer believes their Fire Service Fee is billed based on incorrect square footage, they may request that the issue be reviewed by City staff. If the review confirms the square footage was incorrect, the Fire Service Fee will be reduced to reflect the revised square footage, and the customer may receive up to a twelve-month credit.

Delinquencies: Staff would follow a typical City process for handling delinquent payments, which would include sending multiple late notices if the fee is not paid within 10 days of the due date stated on the bill. If the fee is still owed after multiple collection attempts, delinquent fees may be recovered using a private collection agency.

Income-Based Assistance: A portion of the Fire Service Fee revenues will be used to support an income-based Fire Service Fee bill assistance program. The qualifications and process for receiving Fire Service Fee bill-paying assistance shall be set by the City Manager.

DRAFT RATE SCHEDULE

The monthly rates needed to generate approximately $10 million in net revenue per year are shown in the table below.

Rate Categories Total Square Footage	Monthly Fire Service Fee Charge Per Stormwater Service Customer Account
50 – 750	$3
751 – 1,500	$6
1,501 – 2,500	$10
2,501 – 3,500	$15
3,501 – 5,000	$21
5,001 – 10,000	$38
10,001 – 15,000	$63
15,001 – 30,000	$113
30,001 – 50,000	$200
50,001 – 75,000	$313
75,001 – 100,000	$438
100,001 – 150,000	$626
150,001 – 200,000	$876
200,001 – 300,000	$1,252
>300,000	$1,752

As noted above, this solution or other budget adjustments will need to occur in the first year of the next biennium that begins July 2025. As staff begin budget development preparations for the new biennium, it is important to understand if the Fire Service Fee is a viable part of the solution set. The suggested timeline would include Council scheduling a public hearing to gather feedback on the draft ordinance in November, and Council direction/action before going on winter break this December.

RELATED CITY POLICIES
Strategic Plan Focus Area – Organizational wellbeing: To create a sustainable budget with balanced revenues and expenditures that provides funding for necessary services in the community.

PREVIOUS COUNCIL DIRECTION
September 14, 2022 Work Session
This session was an information update on the condition of the General Fund and the future financial outlook.

February 27, 2023 Work Session
This session provided a high-level budget update and a recommendation for a revenue team to develop funding strategies for unfunded services.

April 12, 2023 Work Session
This session provided an updated Revenue Committee proposal to develop funding strategies for unfunded services.

April 26, 2023 Budget Committee Meeting
The City Manager presented the 2023-2025 Proposed Budget.

May 10, 2023 Budget Committee Meeting
The Budget Committee received presentations on Alternative Response, Downtown Services, and Unhoused Services.

May 17, 2023 Budget Committee Meeting
The Budget Committee received presentations on the Fire Engine/Squad proposal, Climate Recovery, and URA Frozen Base.

May 24, 2023 Work Session
This session provided information on unfunded/underfunded service levels as Council considers a potential scope for the Revenue Committee.

June 21, 2023 Work Session
This session provided high level information on the financial condition of the City and discussion on a revised approach to addressing the structural gap in the General Fund and other funding and service prioritization needs.

July 10, 2023 Work Session
This session was a continuation of the Financial Condition and Revenue Update work session on June 21, 2023 to provide information and additional context to understand evolving financial needs and the approach for continued revenue and service prioritization discussions.

October 11, 2023 Work Session
This session included an overview of the revenue report created by staff in August 2023 and an update on the next steps for a revenue advisory team to advise the City Manager on revenue options to address funding issues.

February 26, 2024 Work Session
This session included an overview of the Revenue Advisor work to date including potential revenue options that could make sense for the range of funding issues facing the City.

April 22, 2024 Work Session
This session provided information on the current critical funding gap in the General Fund that begins July 2024. Staff presented a potential two-year solution that includes budget strategies, a park fee that could be implemented in the summer of 2024, and a fire fee that could be implemented in the next biennium.

May 13, 2024 Work Session
Council directed the City Manager to schedule a public hearing for an ordinance concerning charges for stormwater and parks service and amending Section 6.406 of the Eugene Code, 1971 with the following motion:

> Councilor Keating, seconded by Councilor Groves moved to direct the City Manager to schedule a public hearing on an ordinance amending the definition of "stormwater service" to add the operation and maintenance of City-owned parks and open space as set out in Attachment A to this AIS.
> *Passed 7:1 (Opposed by Councilor Clark)*

June 17, 2024 Public Hearing
Council held a public hearing for an ordinance concerning charges for stormwater and parks service and amending Section 6.406 of the Eugene Code, 1971. One person testified on behalf of the Eugene Chamber of Commerce Local Government Affairs Council which did not take a formal position on the ordinance.

June 24, 2024 Work Session
Council adopted an Ordinance amending Section 6.406 of the Eugene Code, 1971 to expand the definition of "stormwater service" to add the operation and maintenance of City-owned parks and open spaces.
Passed 5:2 (Opposed by Councilor Clark and Councilor Semple)

September 9, 2024 Work Session
This session was an information update on the condition of the General Fund and the future financial outlook.

September 30,2024 Work Session
This session was an overview of financial considerations and draft Fire Service Fee proposals to raise revenue to address the critical funding gap in the General Fund.

COUNCIL OPTIONS

1. Direct the City Manager to schedule a public hearing on the draft ordinance set forth in Attachment A to this AIS; or
2. Direct the City Manager to schedule a public hearing on the draft ordinance set forth in Attachment A to the AIS with the following, specific, changes; or
3. Direct the City Manager to revise the draft ordinance and return to Council for further discussion; or
4. Take no action.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends Option 1.

POSSIBLE MOTIONS

1. Move to direct the City Manager to schedule a public hearing on the ordinance establishing a Fire Service Fee as set forth in Attachment A to this AIS.

OR

2. Move to direct the City Manager to schedule a public hearing on the ordinance establishing a Fire Service Fee with the following changes to Attachment A to this AIS [specifically identify revisions to the draft ordinance].

OR

3. Move to Direct the City Manager to revise the draft ordinance in the following ways [describe revisions] and return to Council for further discussion.

ATTACHMENTS

A. Proposed Ordinance: An Ordinance Establishing a Fire Service Fee.

FOR MORE INFORMATION

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

ORDINANCE NO. _____ Attachment A

AN ORDINANCE ESTABLISHING A FIRE SERVICE FEE AND ADDING NEW SECTIONS 6.760, 6.765, 6.770, 6.775, 6.780, 6.785, AND 6.790 TO THE EUGENE CODE, 1971.

Section 1. Sections 6.760, 6.765, 6.770, 6.775, 6.780, 6.785, and 6.790 of the Eugene Code, 1971, are added to provide as follows:

6.760 Fire Service Fee – Purpose and Use.
(1) The provisions contained in sections 6.760 to 6.790 of this code are for the purpose of providing dedicated funding for fire and emergency medical services through the adoption of a Fire Service Fee.

(2) Fire Service Fee revenue shall only be used to fund existing and new fire and emergency medical services, to administer the Fire Service Fee, and to support the income-based assistance program authorized by section 6.785 of this code.

6.765 Fire Service Fee – Definitions.
For purposes of sections 6.760 to 6.790 of this code, the following words and phrases shall have the following meanings, unless the context requires otherwise:

Building. Improvements erected upon the land including but not limited to the following: single family homes, condominiums, accessory dwelling units, multi-unit apartment buildings, manufactured dwelling units, dormitories, attached or detached garages, barns, warehouse buildings, fraternity houses, motels/hotels, manufacturing facilities, office facilities, commercial buildings, industrial buildings, shopping centers, senior care facilities, medical facilities, educational buildings, government buildings, sports facilities, and churches.

Developed property. Real property that is located within the corporate limits of the City of Eugene, on which one or more buildings exist, and that has at least one associated stormwater service customer account.

Person responsible. The owner, agent, occupant, lessee, tenant, contract purchaser or other person having possession or control of the developed property.

Stormwater Service. The use of the city's stormwater system including, but not limited to, collection of stormwater discharged from property on which development exists and its deposit directly or indirectly into the city stormwater system. The terms "city

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stormwater system," "development," and "stormwater" have the meanings set forth in section 6.406 of this code.

Stormwater Service Customer. Any person who has a stormwater service account and is responsible for the payment of the charge for city stormwater service.

Total Square Footage. The cumulative total of square footage of the building (s), or portion(s) of the building(s), for which a stormwater service customer pays a stormwater service charge.

6.770 Fire Service Fee – Establishment and Obligation to Pay.
(1) A Fire Service Fee is hereby established. The obligation to pay the Fire Service Fee arises when the person responsible receives fire service benefits. It is presumed that all developed property receives fire service benefits.

(2) Unless another person responsible has agreed in writing to pay the Fire Service Fee and a copy of that written agreement is filed with the city, the person(s) paying stormwater service charges for the building(s), or portion(s) of building(s), associated with the stormwater service customer's account shall pay the Fire Service Fee.

(3) The Fire Service Fee shall be based on the total square footage of the building(s), or portion(s) of building(s), associated with the stormwater service customer's account and shall be set by the city manager using the procedures, criteria and limitations set out in section 2.020 of this code. The city manager shall review and may amend the Fire Service Fee on at least a biennial basis.

6.775 Fire Service Fee - Billing.
(1) Receipt of stormwater service will automatically initiate billing for the Fire Service Fee established by section 6.770 of this code.

(2) If the person responsible can demonstrate to the satisfaction of the city that the amount of the Fire Service Fee billed to the person responsible has been calculated based on an incorrect total square footage of the building(s), or portion(s) of building(s), associated with the stormwater service customer's account and the incorrect total square footage calculation has resulted in an overpayment by the person responsible, the Fire Service Fee billed to the person responsible shall be reduced, and the appropriate credit given (not to exceed 12 months of overpayment credit).

6.780 Fire Service Fee – Delinquencies.
Unless otherwise agreed to in writing by the city, the Fire Service Fee shall be billed monthly and if not paid within 10 days of the due date stated on the bill, the fee owed shall be deemed to be a delinquent fee. Delinquent fees may be recovered by the city using actions allowed by law, including city use of a private collection agency. Costs incurred by the city collecting delinquent fees can be recouped from the person

responsible in accordance with the administrative fee order adopted by the city manager pursuant to section 2.020 of this code.

6.785 Fire Service Fee - Income-Based Bill Assistance.
A portion of the Fire Service Fee revenues shall be used to support an income-based Fire Service Fee bill assistance program. The qualifications and process for receiving Fire Service Fee bill-paying assistance shall be set by the city manager.

6.790 Fire Service Fee – Administrative Rules.
The city manager may adopt administrative rules pursuant to section 2.019 of this code in order to implement the provisions of sections 6.760 to 6.785.

Section 2. Fire Service Fee revenue shall be budgeted and accounted for in a separate fund.

Section 3. Notwithstanding Section 1 of this ordinance (providing that the Fire Service Fee shall be set by the city manager in accordance with section 2.020 of this code), the Fire Service Fee is initially established as follows:

Rate Categories Total Square Footage	Monthly Fire Service Fee Charge Per Stormwater Service Customer Account
50 –750	$3
751 – 1,500	$6
1,501 – 2,500	$10
2,501 – 3,500	$15
3,501 – 5,000	$21
5,001 – 10,000	$38
10,001 – 15,000	$63
15,001 – 30,000	$113
30,001 – 50,000	$200
50,001 – 75,000	$313
75,001 – 100,000	$438

100,001 – 150,000	$626
150,001 – 200,000	$876
200,001 – 300,000	$1,252
>300,000	$1,752

Amendments to this initially established Fire Service Fee may be made by the city manager in accordance with Section 1 of this ordinance.

Section 4. The obligation to pay the Fire Service Fee established by Section 1 of this ordinance shall not arise before July 1, 2025.

Section 5. The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended, or repealed herein.

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EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session and Possible Action: An Ordinance Concerning Multi-Use Property Tax Exemption; Amending Sections 2.945, 2.946, and 2.947 of the Eugene Code, 1971 and Providing a Sunset Date.

Meeting Date: October 23, 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

This work session is an opportunity for Council to continue discussion of and consider action on an ordinance to implement an Accelerated Multi-Unit Property Tax Exemption (Accelerated MUPTE) program. The proposed program is part of the Downtown Core Housing Initiative to incentivize the development of housing in the downtown core. Council held a public hearing on the proposed ordinance on September 16, 2024, provided in Attachment A. A summary of the proposed Accelerated MUPTE program is in Attachment B.

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 Coronavirus (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 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 most recent 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. This work session is an opportunity for Council to continue discussion about the proposed Accelerated MUPTE program.

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, potentially making the program accessible to a wider range of housing developers. Since the MUPTE program rules were rewritten in 2015, only larger development projects have taken advantage of the program. The complexity, added time, and uncertainty of the existing MUPTE program creates a barrier for smaller development projects.

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. As it is currently proposed, the Accelerated MUPTE would be a pilot program that would complement the existing MUPTE program. The Accelerated MUPTE would offer a streamlined process to allow certain housing developments to qualify for a ten-year property tax exemption on new construction. As currently proposed, it would be available to only those projects located within the boundary shown on the map in Attachment B and would be 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 Attachment A for the proposed ordinance.

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.

Public Hearing
Council reviewed the proposed program in Attachment B on June 24, 2024 and directed the City Manager to prepare a draft ordinance. The ordinance in Attachment A includes the code changes needed to implement the proposed Accelerated MUPTE program summarized in Attachment B. Council held a public hearing on the proposed ordinance on September 16, 2024, where 15 people spoke. Staff compiled additional information in Attachment D in response to testimony provided at the public hearing and follow-up questions raised by Council. Comments on the proposed ordinance that were submitted as of October 8, 2024, are included as Attachment E to this AIS.

Next Steps
If Council is comfortable with the Accelerated MUPTE program as proposed in Attachment B, they can consider taking action to adopt the ordinance in Attachment A. If Council would like to make any changes to the program, Council can direct the City Manager to update the ordinance and bring it back for Council consideration at a future date. If Council approves the proposed ordinance, staff will initiate necessary updates to the MUPTE program's administrative rules.

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
1. Adopt the proposed ordinance in Attachment A.
2. Direct the City Manager to bring back a modified ordinance and to schedule action on future date.
3. Do not adopt the proposed ordinance in Attachment A.

CITY MANAGER'S RECOMMENDATION
The City manager recommends adopting an accelerated MUPTE program to more rapidly increase Eugene's housing supply. The proposal in Attachment B represents a modest set of changes to pilot for a five year period. If City Council supports the recommended changes, the City Manager recommends adoption of the proposed ordinance in Attachment A.

SUGGESTED MOTION
Move to adopt 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.

ATTACHMENTS

A. Proposed Ordinance
B. Proposed Accelerated MUPTE Pilot Program
C. Overview of Downtown Housing and the MUPTE Program
D. Additional Information in Response to Public Hearing
E. Emails received as of October 8, 2024 on the proposed Ordinance

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), ~~P~~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), f~~F~~ollowing 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 (8~~13~~) 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~~10~~)(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~~12~~) 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~~13~~) *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), sSections 2.945 through 2.947 of this code shall initially apply only to the property that isthe 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 StreetProperties 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 approvingCouncil approval of one or more of these areas shall have include a map appended to it identifyingthat 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 (5~~7~~) 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 MUPTE approval criteria in EC 2.946(2)(d), or all of the Accelerated MUPTE 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 MUPTE 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~~:

a~~1~~. 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.*

a1. 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.*

a1. 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:

(A ~~1~~) 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

(B2) 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~~1~~) 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~~C~~) 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.*

a~~1~~. 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.

b~~2~~. The applicant must ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts.

c~~3~~. 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)~~c~~. 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~~F~~ollowing 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)~~1~~. 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.

b~~3~~. 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~~.

(e~~i~~) *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 (~~7~~5)(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

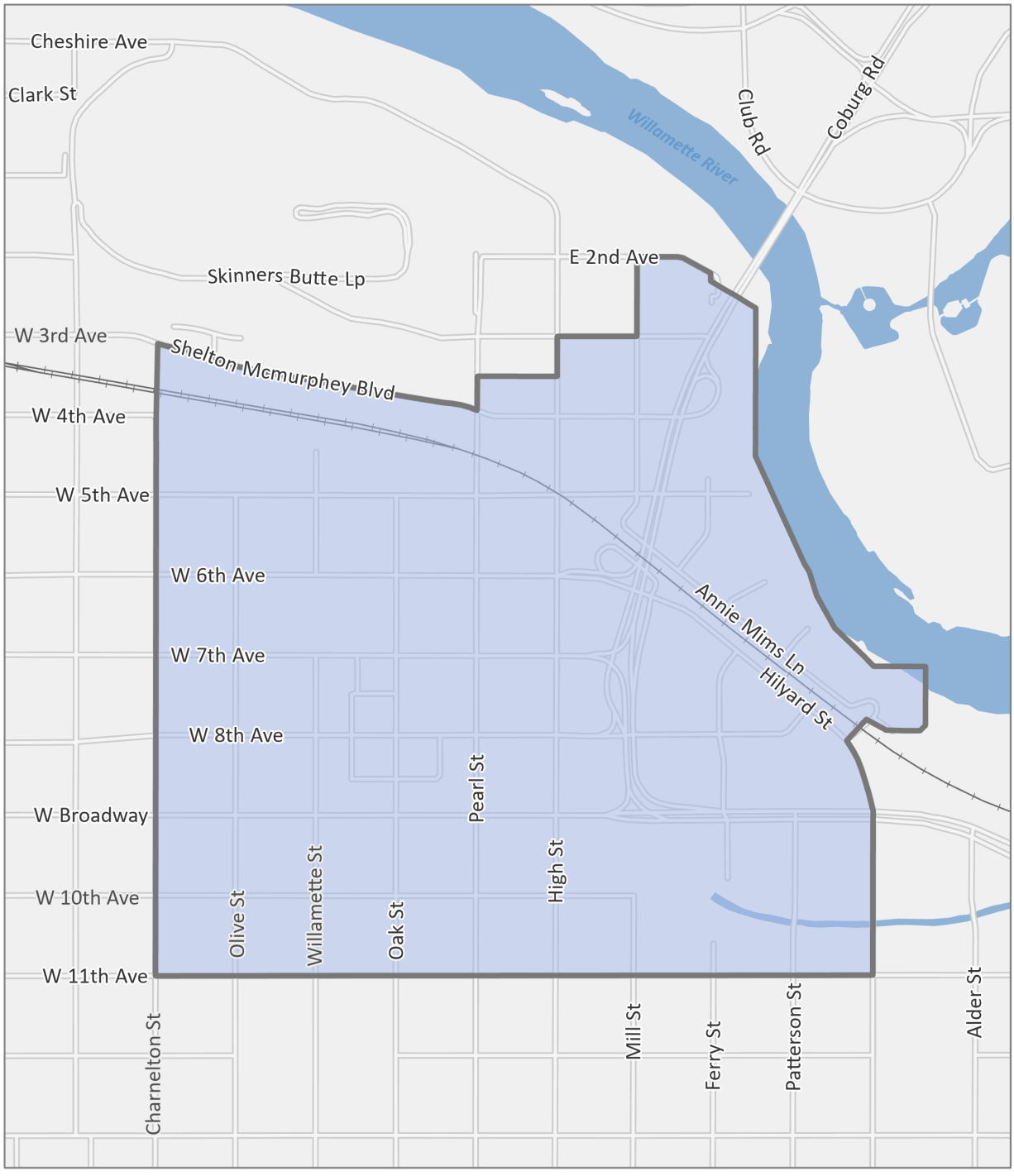
Approved by the Mayor this

____ day of _____, 2024

_____
Mayor

Map 9.946(2)(d)2

Standard MUPTE Program Boundary



August 2024

Map 9.946(2)(e)2

Accelerated MUPTE Program Boundary

August 2024

Proposed Accelerated MUPTE Pilot Program

This attachment provides additional information on the Accelerated Multi-Unit Property Tax Exemption (Accelerated MUPTE) pilot program as it is currently proposed. For additional information provided by staff in response to community member and Council comments at the September 16, 2024, public hearing, please see Attachment D.

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 as currently proposed would only be available in the downtown core.

An Accelerated MUPTE program could:

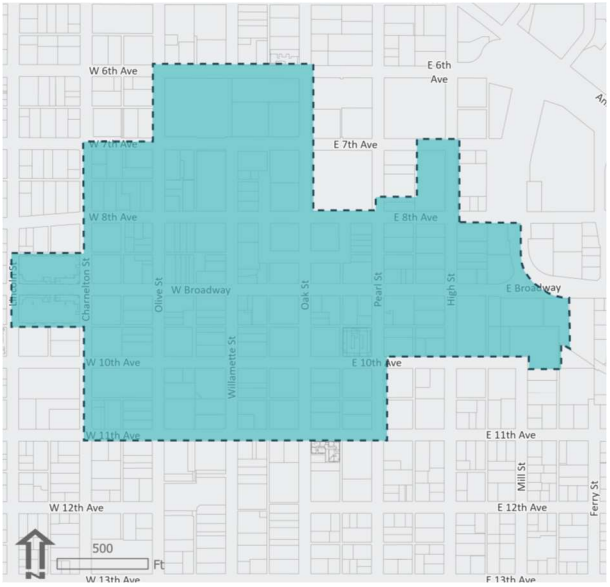
- Shorten the application timeline, allowing projects to move forward more quickly, and adding certainty to the application process;
- Reduce administration time and costs for the City; and
- Reduce the time and resources required of developers to assemble application materials. This could make an Accelerated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

As currently proposed, 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. At the September 16 Public Hearing, Council indicated a desire to discuss the proposed boundary. See Attachment D for additional information.



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 proposed ordinance in AttachmentA.
        - 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 proposed 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 proposed 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 currently proposed 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.

Overview of Downtown Housing and the MUPTE Program

This attachment provides an overview of the current state of housing in the downtown core and the impacts of the MUPTE Program. It has four sections:

- **Current Downtown Housing Supply** discusses where housing units are located in the Downtown Plan area.
- **Downtown Housing Density** compares housing density in the Downtown Core to Eugene's residential neighborhoods.
- **MUPTE in the Downtown Core** describes how MUPTE has been used in the Downtown.
- **MUPTE Program Summary** provides information about housing projects that have received a MUPTE.

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 data in Table 1. On the map, the larger the dot, the larger the housing development.

The data in the map and Table 1 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).

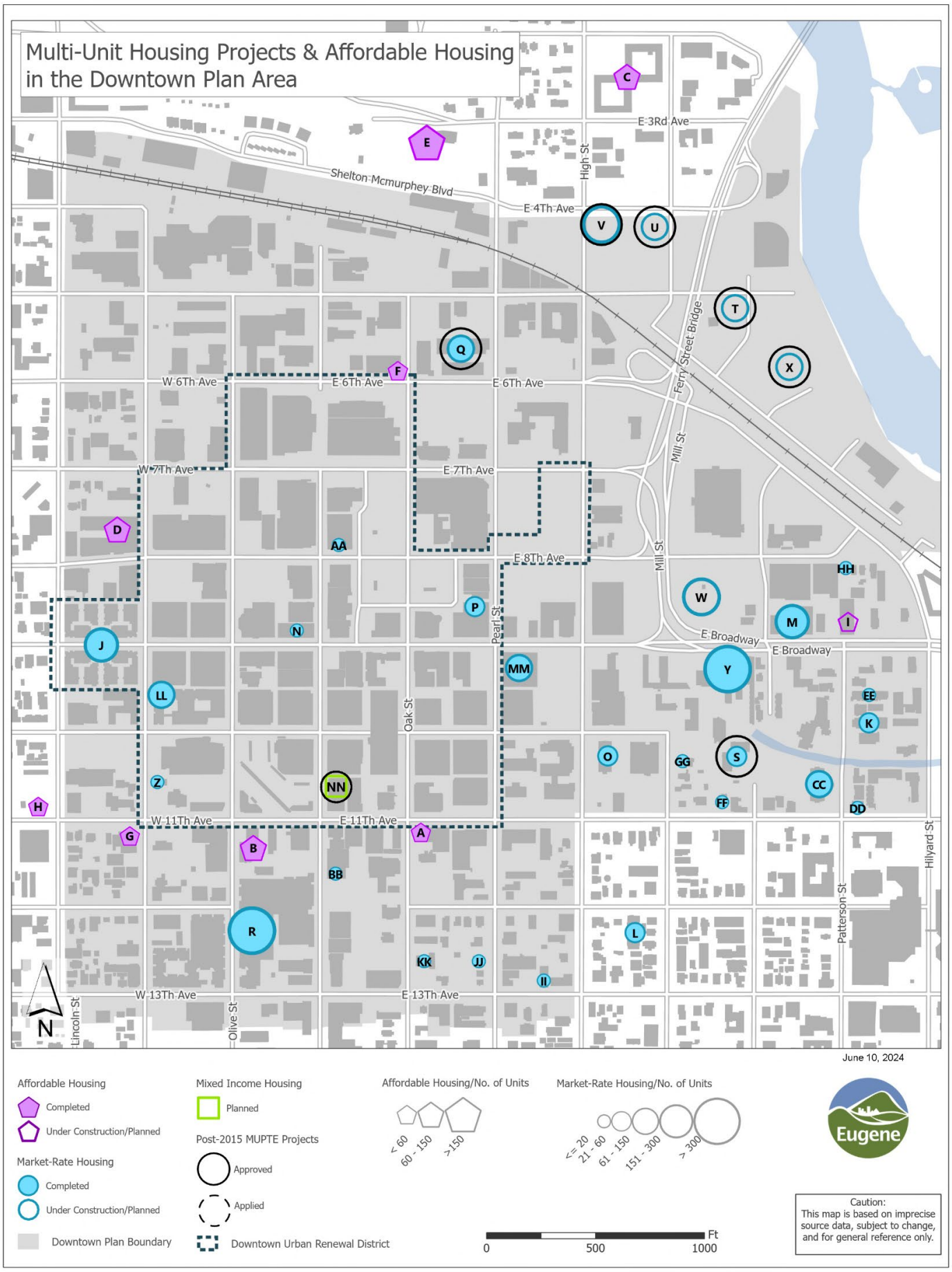
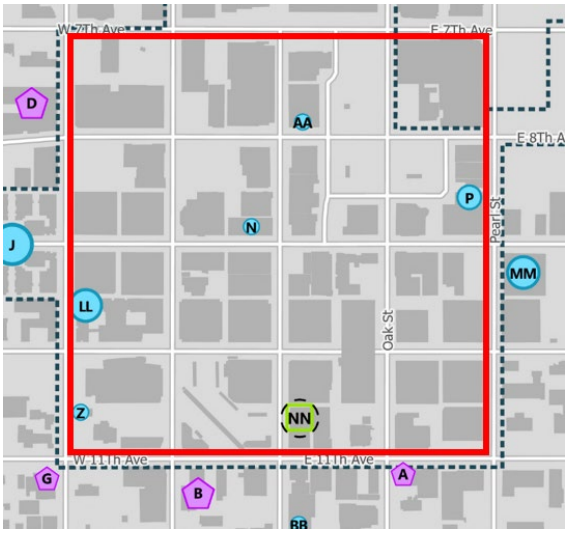

Multi-Unit Housing Projects & Affordable Housing in the Downtown Plan Area
Shelton Mcmurphey Blvd
E 3Rd Ave
E 4Th Ave
High St
Ferry Street Bridge
Mill St
W 6Th Ave
E 6Th Ave
W 7Th Ave
E 7Th Ave
E 8Th Ave
Pearl St
Oak St
E Broadway
W 11Th Ave
E 11Th Ave
W 13Th Ave
E 13Th Ave
Lincoln St
Olive St
Patterson St
Hilyard St
N
June 10, 2024
Affordable Housing
Completed
Under Construction/Planned
Market-Rate Housing
Completed
Under Construction/Planned
Downtown Plan Boundary
Mixed Income Housing
Planned
Post-2015 MUPTE Projects
Approved
Applied
Downtown Urban Renewal District
Affordable Housing/No. of Units
< 60
60 - 150
>150
Market-Rate Housing/No. of Units
<= 20
21 - 60
61 - 150
151 - 300
> 300
0
500
1000
Ft
Eugene
Caution:
This map is based on imprecise source data, subject to change, and for general reference only.

Table 1. Multi-Unit Housing Projects in the Downtown Plan Area (as of October 8, 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 (The Hub)	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	
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 in the Downtown Core

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 to encourage 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.

MUPTE Program Summary

Since 1978, the MUPTE program has supported the development of over 1,600 units in the city center. No housing has been built in the downtown core without a MUPTE or some other property tax exemption at least since the 1950s.

Table 2 lists the housing projects that are in their exemption period as of the 2023-24 fiscal year, the most currently available. The table shows that these five projects will increase annual tax revenue[1] by over $3.3 million when they come onto the tax rolls.

Table 2. Active MUPTE Projects, Currently in Exemption Period

Project Name	Location	Units	First Fiscal Year of Post-exemption Taxes	Estimated Tax Revenue[1] in Year 11	Estimated Tax Revenue[1] in Year 11--*if project were not built*
First on Broadway	W Broadway & Willamette St	19	2024-25	$63,900	$17,100
13th & Olive Apartments	W 13th Ave & Olive St	374	2025-26	$1,850,900	$6,900
The 515 (The Hub)	E Broadway & Ferry St	197	2026-27	$802,400	$15,000
Ferry Street Manor	11th Ave & Ferry St	50	2031-32	$199,300	$90,000
Gordon Lofts	6th Ave & Pearl St	127	2031-32	$580,000	$18,400
Total		**767**		**$3,496,500**	**$147,400**

Table 3 lists the 25 projects that received a MUPTE and are no longer in their exemption period. The table shows that the projects have increased tax revenue by $1.8 million.

Table 3. Prior MUPTE Projects, No Longer in Exemption Period

Project Name	Location	Units	Year MUPTE Approved	Tax Revenue[1] FY23-24	Estimated Tax Revenue[1] in FY23-24--*if the project were not built*
Broadway Center	Washington St & W Broadway	107	1978	$136,294	$11,300
Lawrence Court	W 8th Ave & Lawrence St	50	1980	$59,971	$10,700
Washington Abby	W 10th Ave & Washington St	48	1984	$82,113	$9,200
Olive Terrace	W 15th Ave & Olive St	28	1989	$35,030	$7,300
Joseph Shapitka	W 10th Ave & Washington St	8	1990	$13,687	$7,300
Burnell Ambrose	Lawrence St & Clark St	7	1995	$12,674	$7,900
Hilyard House	E 14th Ave & Hilyard St	53	1995	$82,261	$12,500
Nozama Apartments	E 19th Ave & Ferry St	14	1995	$19,378	$3,800
Broadway Place	W Broadway & Charnelton St	170	1996	$246,063	$0
High Street Terrace	E 10th Ave & High St	58	1996	$119,646	$11,500
Pair-a-dice Apartments	E 15th Ave & Patterson St	30	1996	$32,105	$7,000
Patterson House	E Broadway & Patterson St	27	2004	$19,799	$7,100
The Tate	W 13th Ave & Olive St	47	2004	$392,660	$200
Patterson Place	E 13th Aly & Patterson St	21	2006	$73,878	$4,400
Coho Townhouses	E 14th Ave & Patterson St	9	2007	$36,011	$29,900
Parkside Place	E 14th Ave & Hilyard St	14	2007	$68,729	$8,300
The Steelhead	E 14th Ave & Ferry St	9	2007	$37,036	$7,900
The Fenway	E 14th Ave & Ferry St	7	2008	$33,621	$5,900
E 15th Townhouses	E 15th Ave & Mill St	6	2009	$12,078	$11,900
Midtown Terrace	E 12th Ave & Mill St	24	2009	$60,774	$7,100
The Pearl On Campus	E 16th Ave & Hilyard St	8	2009	$24,597	$0
The Sequoia	E 13th Ave & High St	8	2009	$19,756	$4,200
Westgate	E 13th Ave & Hilyard St	35	2010	$90,187	$8,900
The Pearl	E 16th Ave & Pearl St	100	2011	$249,473	$10,600
Park Place Apartments	E Park Ave & Pearl St	24	2012	$49,241	$0
Total		**912**		**$2,007,061**	**$194,900**

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

Additional Information in Response to Public Hearing

This attachment provides information in response to testimony provided at the September 16, 2024, City Council Public Hearing on the proposed Accelerated Multi-Unit Property Tax Exemption (Accelerated MUPTE) program, as well as information requested by Council.

Local Economic Impact

Several community members provided testimony related to labor practices on projects that receive City support through programs like the Multi-Unit Property Tax Exemption (MUPTE). Below is a summary of the local economic impact criterion in the current MUPTE program, some background information on the policy choices underlying the criterion, and information about how to access local economic impact information collected from completed MUPTE projects. The Local Economic Impact criterion would also apply to the Accelerated MUPTE if the proposed ordinance is adopted by the Council.

Current Local Economic Impact Requirements

The Local Economic Impact criterion includes three requirements. All projects that have received a MUPTE since 2015 have conformed with these requirements:

1. *Local Economic Impact Plan:* Developers must provide a plan showing that 50% of the dollar volume of professional services and construction contracts include local firms, where local is defined as Lane County.
2. *Minority and Women Business Enterprises (MWBE):* Developers must ensure MWBEs have an equitable opportunity to compete for contracts and subcontracts.
3. *Projects must follow wage, tax, and licensing laws:* Developers and General Contractors must ensure all contractors are following these laws. This includes confirming that each contractor obtains and maintains proper licensing, insurance, bonding, and workers compensation coverage. Every contractor and subcontractor must provide a notarized affidavit stating that they do not have unpaid judgments for construction debt, including unpaid wages, and that they are in compliance with Oregon tax laws described in ORS 305.620 (local taxes) and ORS Chapters 316, 317, and 318 (state income taxes). Developers must also post information about the city's rights assistance program.

Failure to comply with any of these requirements may result in an assessment of administrative civil penalties or termination of the tax exemption. Should the City receive a complaint, staff will evaluate non-compliance and work with the developer to rectify the non-compliance. The City Manager will evaluate the non-compliance and may choose to impose penalties or recommend that the City Council terminate the property tax exemption.

Background Information on the Policy Choices Underlying the Criterion

Council considered various ways to incorporate local economic impact goals prior to revising the MUPTE program in 2015. As part of that process, staff met with local stakeholders in the construction and development industries to discuss a range of ideas including requiring the use of local materials, apprenticeship programs, the definition of "local," and whether to focus requirements on firms and workers. During the review, Council discussed a possible requirement

that MUPTE projects employ a certain number of "local" workers. The stakeholder groups discussed this idea and recommended the program criteria focus on firms rather than employees because:

- local firms hire local workers as normal course of business;
- tracking the many workers per project would increase administrative burden;
- local firms have a reputation at stake and are motivated to comply with laws to increase likelihood of getting the next job; and
- local firms pay local taxes.

As a result, Council chose to move forward with the requirement that developers provide a plan showing how local firms (i.e., based in Lane County) will receive 50% of the dollar volume of their combined professional services and construction contracts.

The requirement related to Minority Women and Business Enterprises (MWBE) was designed to align with the City's internal practices.

The wage, tax, and licensing laws requirement was based on feedback from then-Representative Holvey and the Human Rights Commission subcommittee, with additional input from the City Attorney. The requirement that the developer and the developer's contractors post information about the City's Rights Assistance Program was added based on feedback from the Human Rights Commission subcommittee.

How to Access Local Economic Impact Information

All projects that receive a MUPTE are required to provide information related to local economic impact, including the names of all contractors and subcontractors that worked on the project and the zip code or home city of all labor workers that worked on the project. This information is collected during and after construction and is included in the MUPTE compliance reports provided to Council. This information is also publicly available on the City's MUPTE webpage: www.eugene-or.gov/MUPTE.

Boundary

At the September 16 Public Hearing on the proposed ordinance to create the Accelerated MUPTE program, several community members requested Council consider an alternative boundary. Council indicated they would like to continue discussions about the proposed program boundary. This section provides background on the potential boundary options and other considerations.

The proposed Accelerated MUPTE program is one component of the Downtown Core Housing Initiative (DCHI). The DCHI emerged out of what staff heard from the community during the Downtown Priorities and Projects outreach effort – that the development of housing is a key opportunity to address many of downtown's current challenges, especially in the downtown core. DCHI also looked at the trends of where housing has been built in recent years, and the downtown core has seen no new housing built since 2012, but multiple projects have been built in the greater downtown area.

The Agency Board established the Downtown Fee Assistance program in May 2024, the first piece of the DCHI, which uses urban renewal funds to pay for development fees for new housing projects. The Downtown Fee Assistance boundary is constrained by the geography of the Urban Renewal Districts and is focused on the high need, underdeveloped, downtown core area.

The Downtown Fee Assistance boundary was carried over into the proposed Accelerated MUPTE process in order to continue that focus on the downtown core, although the Accelerated MUPTE boundary is not constrained by the Urban Renewal District boundaries.

Council options

Below are considerations for Council to consider during their discussion:

- *Option 1:* Smaller Boundary (Downtown Fee Assistance Boundary). This is the boundary currently included in the proposed ordinance in Attachment A. Moving forward with the smaller boundary would prioritize the incentivizing of housing in the area with the greatest need. It would also allow for the pilot program to test the new program process on a smaller geographic area.
- *Option 2:* Full MUPTE Boundary. Council could consider applying the proposed Accelerated MUPTE program to the current MUPTE boundary during the pilot period. This approach recognizes there is a need for a streamlined MUPTE process in order for housing in the greater downtown area to move forward.
- *Option 3:* Another Boundary. Council could consider choosing another boundary configuration that deviates from either the smaller, currently proposed boundary or the boundary from the Standard MUPTE program.

If Council wants to move forward with an adjustment to the boundary, staff will need to update the proposed ordinance and bring it back for Council action at a later date.

Other Public Benefit Criteria

Several community members asked that Council remove Public Benefit Criteria from the pilot Accelerated MUPTE program to further catalyze the development of new housing, specifically:

- Green Building
- Moderate-Income Housing Contribution
- Local Economic Impact Plan

The proposed Accelerated MUPTE pilot program includes the original Public Benefit Criteria from the Standard MUPTE program with the efficiency opportunities as noted in Attachment B. Council could choose to remove any of the Public Benefit Criteria during the pilot period.

Projects that have received a MUPTE since 2015

Some community members asked what projects have received MUPTEs. There was particular interest in whether any of the new student-oriented multi-unit housing received a MUPTE. Student housing projects are not eligible for the MUPTE program under the current rules. Since the program was revised in 2015, Council has approved MUPTE applications for the following 8 projects:

- Olive Lofts (844 Olive St., 36 units, approved 2016, not built)
- Gordon Lofts (550 Pearl St., 127 units, approved 2018, completed 2020)
- Ferry Street Manor (1030 Ferry St., 50 units, approved 2019, completed 2020)
- Heartwood (500 Ferry St., 95 units, approved 2021, completed 2024)
- Portal (355 E. 5th Ave., 130 units, approved 2021, under construction)
- Riverfront Parcel 9 (Annie Mims Ln, between Nak Nak Ave. and Wiley Griffon Way, 194 units, approved 2021, still in planning phase)
- The Landing (NE corner of High St. and 5th Ave., 237 units, approved 2023, still in planning phase)
- 1059 Willamette (1059 Willamette St., 133 units, approved 2024, still in planning phase)

FW: Accelerated MUPTE Pilot Program

SELSER Lindsay R <LSelser@eugene-or.gov>
Mon 9/16/2024 9:44 AM
To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>
Cc:D'SOUZA Amanda M <ADSouza@eugene-or.gov>

From: Lee Lashway <lee.lashway@gmail.com>
Sent: Sunday, September 15, 2024 6:29 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Accelerated MUPTE Pilot Program

[EXTERNAL ⚠]

Greetings,

I am writing to add to the support for the proposed accelerated MUPTE pilot program for the downtown area.

The ongoing need for additional residential development in and around downtown is well established. The pilot program will enhance the incentives available to help make that happen. I encourage you to support the proposal as well as suggested enhancements to the program to be outlined by business community representatives at the meeting on Monday, September 16.

Thank you.

Lee Lashway

FW: Proposed Accelerated MUPTE

DOWDY Will G <WDowdy@eugene-or.gov>

Mon 9/16/2024 2:06 PM

To:D'SOUZA Amanda M <ADSouza@eugene-or.gov>;FIFIELD Anne E <AFifield@eugene-or.gov>;BROWN Eric G <EBrown@eugene-or.gov>;HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>
Cc:SELSER Lindsay R <LSelser@eugene-or.gov>

Will Dowdy
Community Development Director
City of Eugene
541.682.5340

From: Karen Koenen <kmariekoenen@gmail.com>
Sent: Monday, September 16, 2024 1:56 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Proposed Accelerated MUPTE

[EXTERNAL ⚠]

To whom it concerns,

When I read in the paper today about an Accelerated MUPTE proposal for downtown, my blood pressure went up. When I drive over the Ferry Street Bridge, I seem to see another ugly building in the downtown/university area. They hardly include any green spaces, and are built right up to the streets. I find them disgusting and don't see how our City Planning office approves them.

I don't know how many of these have the "golden MUPTE," but I assume a lot of them. They collect extremely high rents and don't have to contribute to our city or county for 10 YEARS!! What a deal for those owners, developers and other entities!!

Meanwhile, I purchased a single family home here about 27 years ago. The taxes were $2,400 that year. My tax assessment last year was more than twice that amount! I live on Social Security and a small pension and have had to sell jewelry, furniture and other things to pay those taxes.
I have paid my taxes every year.
My taxes pay for so many things that I don't get any direct benefit from, and it hasn't been easy.

It has been a thorn in my side since I heard about the MUPTEs being issued here for years. It seems like such a "the rich get richer scheme!"

I think this outrageous program should be radically changed. Ten years is WAY to long a time for total tax exemption! Why not tax exemption for first 2 years, and 20% of taxes due years 3-5, 50%
of taxes due years 6-8, 75% years 9-10. Full taxes after that time period. Do the math!! They could afford to do that!

Please consider giving the citizens who buy homes and pay their property taxes, support our local economy by doing so. We could use some tax relief by you collecting more from investors and developers! Maybe a fund to use those taxes to provide some minimal housing for the homeless. We're all tired of seeing all the unhoused living on the streets.

I also found it beyond LAME the option to request to speak by submitting a request to speak between 5:00 and 5:35!!!!

Thank you for your consideration of my thoughts. And please figure out a way to decrease the MUPTE approvals, not a way to accelerate them!

Karen Koenen
Eu ene c tize and tax payer

FW: Support the Accelerated MUPTE pilot program

SELSER Lindsay R <LSelser@eugene-or.gov>
Mon 9/16/2024 2:46 PM
To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>

From: Kaydie Tanquary <ktanquary@selco.org>
Sent: Monday, September 16, 2024 2:40 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Support the Accelerated MUPTE pilot program

[EXTERNAL ⚠]

Good evening, Mayor and City Council members,

My name is Kaydie Tanquary, I reside in ward 7 and I work in the community credit union industry here in Eugene. My husband and I are raising two young children, and like many growing families, we've experienced firsthand the limitations the housing crisis imposes on our community. This shortage isn't just affecting residents—it's also making it increasingly difficult for local businesses to attract and retain talent. Eugene needs more housing options that cater to families, professionals, and the broader community.

Working in banking and finance, I regularly see the tough decisions developers face when choosing where to invest. The high costs and regulatory hurdles in Eugene often push developers away. That's why I'm urging you to support the five-year pilot program for the Accelerated MUPTE, but to consider removing or reducing additional barriers in the form of some of the public benefit criteria. By cutting through the red tape, we can encourage much-needed multi-family developments, which will help address the housing shortage and make Eugene more competitive. It will also ensure that this pilot program has a chance to be tested for outcomes, and later adjusted as a longer-term production strategy.

This isn't about benefiting developers. The Accelerated MUPTE program will create housing, stimulate job growth, and foster economic development. Property tax exemptions like those in the MUPTE program can spur neighborhood revitalization, boost local businesses, and strengthen our tax base over time. These new developments will ultimately provide long-term revenue to fund critical public services and infrastructure. In 10 years, we would hope this pilot will create significant tax revenues, new housing units and a more vibrant thriving downtown.

Supporting this initiative also aligns with local, state, and federal housing goals, helping to meet our pressing need for more affordable and diverse housing options. The program will pave the way for sustainable urban growth while helping Eugene become a place where both families and businesses thrive.

I strongly encourage you to support the Accelerated MUPTE pilot program. It's a crucial step toward alleviating our housing crisis and ensuring long-term economic growth in our community.

Thank you for your time.

Sincerely,

Kaydie Tanquary

Kaydie Tanquary, PMP
Senior Project Manager
SELCO Community Credit Union
Springfield – Corporate Headquarters
Phone: 541-684 6372 | ktanquary@selco.org
selco.org

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FW: Written testimony for Accelerated MUPTE Pilot

SELSER Lindsay R <LSelser@eugene-or.gov>

Mon 9/16/2024 4:54 PM

To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

From: Ethan Clevenger <ethan@porterhouseclothing.com>
Sent: Monday, September 16, 2024 4:49 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Written testimony for Accelerated MUPTE Pilot

[EXTERNAL ⚠]

Mayor and City Council members,

My name is Ethan Clevenger, and I'm a Ward 1 resident, downtown Eugene business owner, and current president of Downtown Eugene Merchants. My testimony offered here is my own and does not necessarily represent those of Downtown Eugene Merchants as an organization.

Eugene, like many places in the country, faces a housing shortage. Housing is expensive, and homelessness widespread, in no small part because there are not enough units for those that need them. Expedited construction and redevelopment of additional units across our entire city is crucial to getting ahead of these problems and ensuring Eugene is a place where folks can thrive. Where they can build a career, grow a family, and otherwise be their best selves.

The Accelerated MUPTE program being proposed seeks to, first and foremost, create new housing stock in a streamlined manner. A streamlined approach is crucial given the immediate nature of our housing shortage. It gives developers the ability to turn projects around faster and more reliably. And by focusing it downtown, it creates housing in an area of the city already well-connected to transit, used to dense development, and with a plethora of services and shopping available at the street level. Perhaps least of all, this rising tide lifts the ships of downtown business owners like me, creating consumer audiences where they've disappeared due to a shift to work-from-home employment.

MUPTE costs nothing, and streamlining the application process makes it more attractive to redevelopment projects within the downtown core - those least likely to happen at market rates. It puts cranes in the air now with the promise of new property tax income in the coming decade. Alternatively, we cross our fingers and hope something gets developed to reap any of those benefits.

Invest in housing, and invest in downtown. Approve this pilot program.

Thank you,
Ethan
Owner, Porterhouse Clothing & Supply
Facebook | Instagram

FW: Proposed Accelerated MUPTE

SELSER Lindsay R <LSelser@eugene-or.gov>

Mon 9/16/2024 4:54 PM

To:D'SOUZA Amanda M <ADSouza@eugene-or.gov>;HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

From: Karen Koenen <kmariekoenen@gmail.com>
Sent: Monday, September 16, 2024 4:52 PM
To: YEH Jennifer K <JYeh@eugene-or.gov>
Cc: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Proposed Accelerated MUPTE

[EXTERNAL ⚠]

Hello Jennifer,
I tried several times to send this to the group email address, mayorcouncilandcitymanager@eugene-or.gov today, including with this email I'm sending to you as a last resort.
You are my Council person in Ward 4.
I hope you will forward my message to the others named.
Thank you.

To All Concerned;

When I read in the paper today about an Accelerated MUPTE proposal for downtown, my blood pressure went up. When I drive over the Ferry Street Bridge, I seem to see another ugly building in the downtown/university area. They hardly include any green spaces, and are built right up to the streets. I find them disgusting and don't see how our City Planning office approves them.

I don't know how many of these have the "golden MUPTE," but I assume a lot of them. They collect extremely high rents and don't have to contribute to our city or county for 10 YEARS!! What a deal for those owners, developers and other entities!!

Meanwhile, I purchased a single family home here about 27 years ago. The taxes were $2,400 that year. My tax assessment last year was more than twice that amount! I live on Social Security and a small pension and have had to sell jewelry, furniture and other things to pay those taxes.
I have paid my taxes every year.
My taxes pay for so many things that I don't get any direct benefit from, and it hasn't been easy.

It has been a thorn in my side since I heard about the MUPTEs being issued here for years. It seems like such a "the rich get richer scheme!"

I think this outrageous program should be radically changed. Ten years is WAY to long a time for total tax exemption! Why not tax exemption for first 2 years, and 20% of taxes due years 3-5, 50%
of taxes due years 6-8, 75% years 9-10. Full taxes after that time period. Do the math!! They could afford to do that!

Please consider giving the citizens who buy homes and pay their property taxes, support our local economy by doing so. We could use some tax relief by you collecting more from investors and developers! Maybe a fund to use those taxes to provide some minimal housing for the homeless. We're all tired of seeing all the unhoused living on the streets.

I also found it beyond LAME the option to request to speak by submitting a request to speak between 5:00 and 5:35!!!!

Thank you for your consideration of my thoughts. And please figure out a way to decrease the MUPTE approvals, not a way to accelerate them!

Karen Koenen
Eugene citizen and tax payer

FW: Proposed MUPTE Revisions

SELSER Lindsay R <LSelser@eugene-or.gov>
Mon 9/16/2024 4:57 PM
To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

-----Original Message-----
From: Casey Barrett <Casey@obie.com>
Sent: Monday, September 16, 2024 3:47 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Proposed MUPTE Revisions

[EXTERNAL ⚠]

Casey Barrett
Obie Companies and Obie Development Partners
296 E 5th Ave Suite 300
Eugene, OR 97401
Downtown Eugene property owner and developer

To our Mayor and City Council regarding the proposed MUPTE revisions being considered this evening;

I am extremely disappointed to learn that this expedited MUPTE program is being restricted to a small area of our City as opposed to being implemented on a larger basis.

We need density throughout this community and limiting the expedited MUPTE process to our old definition of the downtown core is not a big enough commitment to solving Eugenes housing crisis.

Our downtown has shifted over the years, as have our communities housing needs. We need dense housing wherever it can be developed in this City and we should be supporting programs that make that possible.

I encourage the Mayor and City Council to approve a revised MUPTE program that allows any building in the City of Eugene that is over 4 stories to be eligible for this expedited process.

Thank you for your consideration and attention to this important issue.

Casey Barrett

FW: MUPTE

SELSER Lindsay R <LSelser@eugene-or.gov>

Mon 9/16/2024 4:57 PM

To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

From: Patricia Kincaid <pkcaid@gmail.com>
Sent: Monday, September 16, 2024 3:21 PM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: MUPTE

[EXTERNAL ⚠]

I strongly disagree with MUPTE. I see developers building to take advantage of it, and then selling the already-deteriorating buildings after the 10 year tax advantage.
Developers should pay their fair share. We shouldn't have to bribe them to get development.
Developers already have the Oregon advantage of no sales tax on building materials.
I have heard so many complaints about MUPTE! My remarks will reflect the feelings of many other people.
Patricia M Kincaid
456 W 21st Ave
Eugene
541-345-5000

FW: Support for Accelerated MUPTE Program

SELSER Lindsay R <LSelser@eugene-or.gov>

Tue 9/17/2024 11:15 AM

To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

From: Rob E. Bennett <rebennett@downtownac.com>
Sent: Tuesday, September 17, 2024 8:36 AM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: RE: Support for Accelerated MUPTE Program

[EXTERNAL ⚠]

Dear Mayor and Members of the Eugene City Council,

I am writing to express my strong support for the Accelerated MUPTE (Multi-Unit Property Tax Exemption) Program and its potential to significantly address the housing shortage in our downtown core.

First, I want to emphasize that **additional housing itself should be viewed as the primary public benefit**. We haven't had a single new housing unit built in downtown without public assistance for 50+ years, and it's clear that future developments will require significant support, particularly in the initial stages. While I recognize the intention behind the Public Benefit Criteria, I would caution against adding requirements that would increase costs or restrict competitive bidding, such as mandates for Green Building, specific firm contracts, or moderate-income housing requirements.

When it comes to **moderate-income housing**, while important across the community, I believe this approach is not well-suited for the downtown neighborhood in question. Let me explain:

- The median household income in the proposed accelerated MUPTE boundary is $32,000—**half** that of the median for Eugene as a whole and only 40% of the national median.
- Currently, nearly **40% of housing units in downtown are priced below market rate**, which is already double the City's goal of 20% for any neighborhood and significantly higher than the average for other Eugene neighborhoods at 16%.
- To reach equilibrium with peer neighborhoods, **downtown needs over 2,500 new market-rate units**. Including additional requirements for below-market-rate housing would ignore these facts, further delaying critical development, and perpetuate downtown's disadvantage compared to other neighborhoods.

I urge the Council to prioritize supporting transparent, high-quality projects that can respond to the natural demand for housing. By streamlining the development process and allowing market dynamics to guide decisions, we can begin to address the housing imbalance in downtown Eugene.

Thank you for considering my testimony, and I hope the Council will move forward with the Accelerated MUPTE program to help revitalize our downtown.

Sincerely,

Rob E. Bennett

FW: Muptes

SELSER Lindsay R <LSelser@eugene-or.gov>

Tue 9/17/2024 11:16 AM

To:HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>;D'SOUZA Amanda M <ADSouza@eugene-or.gov>
Cc:DOWDY Will G <WDowdy@eugene-or.gov>

-----Original Message-----
From: Jason Terry <pealohpy@yahoo.com>
Sent: Tuesday, September 17, 2024 7:52 AM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: Muptes

[EXTERNAL ⚠]

Good day
I'm writing about the meeting on MUPTE tax.
I don't think we should be giving tax breaks to big out of state or in state corporations. They certainly can afford to build here. With the city budg woes I believe it's counterproductive to not tax these entities. What we need is lots more affordable housing.
Please think about what the impact to local residents is.
No more hedge fund built apartments that will sell within 5 years and make loads of money with no input to the community.
Thanks Jason terry

Outlook

FW: MUPTI

From SELSER Lindsay R <LSelser@eugene-or.gov>
Date Wed 9/18/2024 12:45 PM
To HUBER-HEIDORN Dylan K <DHuber-Heidorn@eugene-or.gov>; D'SOUZA Amanda M <ADSouza@eugene-or.gov>

From: Patty Kincaid <pkcaid@gmail.com>
Sent: Wednesday, September 18, 2024 9:36 AM
To: *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Subject: MUPTI

[EXTERNAL ⚠]

I strongly disagree with MUPTE. I see developers building to take advantage of it, and then selling the already-deteriorating buildings after the 10 year tax advantage.
Developers should pay their fair share. We shouldn't have to bribe them to get development.
Developers already have the Oregon advantage of no sales tax on building materials.
I have heard so many complaints about MUPTE! My remarks will reflect the feelings of many other people.
Patricia M Kincaid
456 W 21st Ave
Eugene
541-345-5000

Outlook

MUPTE public hearing followup

From Jesse Elliott <jesse@voussoirarch.com>
Date Mon 9/23/2024 4:10 PM
To D'SOUZA Amanda M <ADSouza@eugene-or.gov>; FIFIELD Anne E <AFifield@eugene-or.gov>

[EXTERNAL ⚠]

Good afternoon Amanda,

I'd like to follow up to the MUPTE public hearing that was held by City Council last week. You may be aware we have a small mixed use project for a private developer we are trying to get to move forward, but the financials are borderline even with the MUPTE allowing private wages to be paid by the general contractor. I am certain that if prevailing wages must be paid for the project it would not be viable as the owner is very risk-averse and the extra 15-20% project cost this would impose on the could not be overcome with cash on the front end. We have not revised the pro-forma for a potential prevailing wage requirement, but those of us trying to get the project to move forward are well-aware it cannot proceed with any substantial cost increases.

I spent much of my life as a carpenter, and have a high opinion of the union contractors who still do lots of public work, and much of the larger projects in Eugene, and even more of the work as you move from Salem north into Portland. I think will be a sustained presence of union contractors in the Eugene area as it continues to grow, but I am certain that the City imposing a prevailing wage requirement on MUPTE recipients will adversely effect the small scale projects we tend to be involved with. We recently had a small project at a local utility which it was not understood needed to pay prevailing wages initially, and once it became clear prevailing wages would be required the price went up about 20%, which is the ballpark of the impact we'd expect at our Park Street project, at least 15%

My feeling is that the City investing in more public projects would benefit the carpenter's union and all of us, but that requiring private developers to pay prevailing wages will not have the desired effect to incentivize private development downtown. I also talked to a few friends about this, both in the carpenter's union now, and former members, and the feeling was unanimous amongst this small pool that not all projects can afford prevailing wages. Most the long-established local general contractors are non-union but perform work on both prevailing wage and private projects, and from what I have observed over the years all use fair labor practices in part because of the need for them to perform on both private and public projects. And because there is still a shortage of skilled labor, the wages have stayed pretty high since the pandemic ended. The right choice here seems to be to get the updated MUPTE in place with the least number of additional requirements so we see it used extensively. I also hope that in turn when these new properties do start paying property taxes that this will be a huge benefit for the City that leads to more public and private projects both. I know it is a balancing act here for both private and public sectors to thrive as we very much hope they will in Eugene.

Feel free to reach out if I can be of any help describing the circumstances of our Park Street project.

Best regards,

Jesse R. Elliott
AIA, NCARB
O: 781.430.8766
C: 541.606.3929
voussoirarch.com

Outlook

City's data on MUPTE - attached

From Tiffany Edwards <tiffanye@eugenechamber.com>
Date Wed 10/2/2024 10:33 AM
To *Eugene Mayor, City Council, and City Manager <MayorCouncilandCityManager@eugene-or.gov>
Cc MEDARY Sarah J <SMedary@eugene-or.gov>; FIFIELD Anne E <AFifield@eugene-or.gov>; D'SOUZA Amanda M <ADSouza@eugene-or.gov>; DOWDY Will G <WDowdy@eugene-or.gov>; Tiffany Monroe <tiffanym@eugenechamber.com>; BRAUD Denny <DBraud@eugene-or.gov>

1 attachments (438 KB)
Downtown Core MUPTE.pdf;

[EXTERNAL ⚠]

Mayor Vinis and Council members,
After Monday night's work session on the Fire Protection Fee and the "revenue pie chart" that Sarah shared, I felt compelled to reach out and emphasize that you have an effective tool and an opportunity before you, to help GROW the city's property tax portion of the revenue pie in the long-term, with the MUPTE.

That said, I wanted to share some data with you that both the EETAC and Planning Commission has seen in presentations on Climate Friendly Areas, related to the Accelerated MUPTE. I Chair both committees so I'm happy to provide any additional context or answer questions.

The Chamber's testimony on the Accelerated MUPTE, was informed by the attached 2 slides, from EcoNW's data that looked at 12 different multi-family types in 11 different areas of town, comparing the feasibility of various housing types with Existing MUPTE/no MUPTE or Existing MUPTE/MUPTE + Fee Assistance (applicable only to downtown core & greater downtown).

If you look at the attached 2 slides, you can see that **the core downtown area remains not feasible with the exception of 12-story "student housing" types, even with the fee assistance tool**. As you know, these are not currently eligible for MUPTE. Based on feedback from some of our local developers, we concluded that the Accelerated MUPTE proposal did not go quite far enough in removing barriers to create a real incentive to see significant redevelopment to address our housing crisis and dire need for downtown revitalization. Nor would it make downtown Eugene competitive enough against the other options (Bend, Boise, other areas of Eugene, etc). However, we believe there is an opportunity for this tool to be successful, with some temporary tweaks, intended just for this pilot.

In our testimony at the public hearing on September 16th, representatives from the business community and I testified that the Chamber supported the Accelerated MUPTE pilot, but made a request for consideration of additional reductions or eliminations of public benefit criteria specific to:
1) green building standards
2) requirement of a Local Economic Impact Plan
3) Moderate Income Contribution

Here is our reasoning: In addition to the fact that the state building standards are already very environmentally sound and the "Local Economic Impact Plan" is a costly endeavor to builders for a short-term pilot, I shared some data about the disproportionate existence of subsidized housing in the downtown core. At nearly 40%, compared to an average of 16% throughout the rest of the city, the high number of income-qualified units results in downtown's median income levels falling significantly below the rest of the city's neighborhoods. Requiring that 30% of the new units built with the Accelerated MUPTE be income-qualified, would add to the disproportionate number of subsidized units. In the Chamber and ONWARD Eugene's ongoing work to recruit businesses to downtown, we know that the income **census data does not currently make a strong case for businesses to locate or expand in the downtown core**. If we are to work to improve upon this to make downtown more attractive to businesses, we would advocate to remove this requirement for this 5-year pilot.

I'd like to reiterate our support for the revisions mentioned above and hopefully the data I've included helps to frame the Chamber's position and I wanted to be sure you all saw this data from EcoNW prior to any decisions on the Accelerated MUPTE. I'm happy to answer any specific questions and am always available for a conversation.

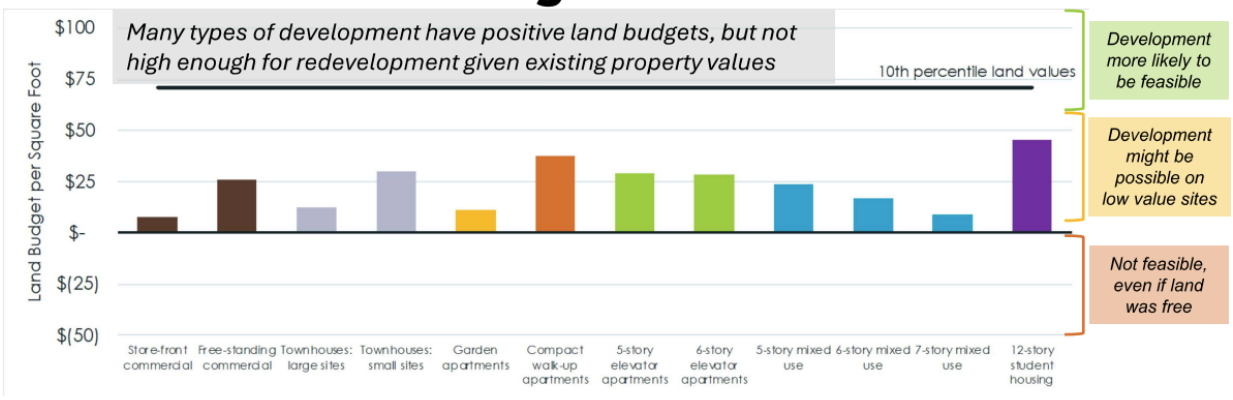
I sincerely appreciate your time and service!
Tiffany

Tiffany Edwards
Vice President, Policy & Community Development
Eugene Area Chamber of Commerce
541-678-3370 | Email
Website | Facebook | LinkedIn | Instagram

Join me each week to stay informed!
LOCAL GOVERNMENT AFFAIRS COUNCIL
When: Thursdays | 7:30-8:45 AM
Where: *Eugene Chamber of Commerce, 1401 Willamette, Eugene, OR 97401*

16

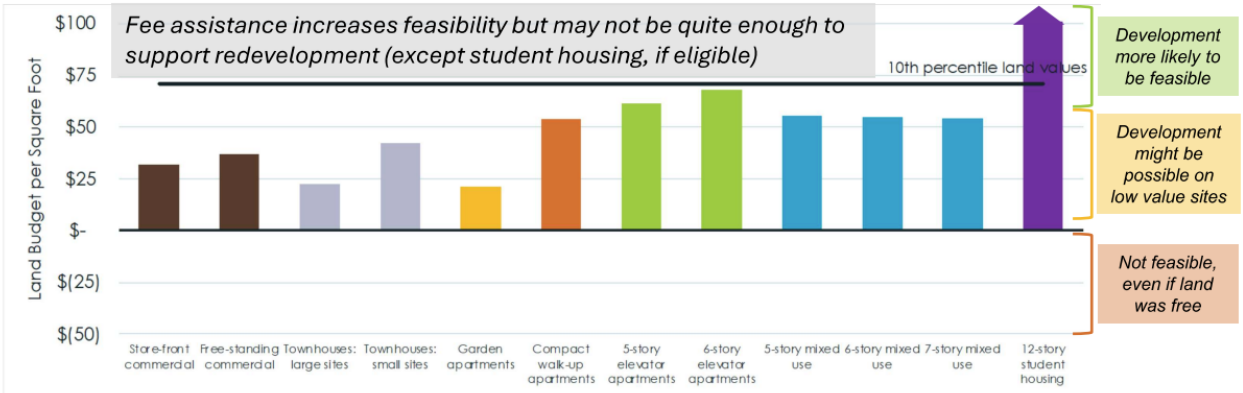
Downtown Core
Baseline: with Existing MUPTE



URBAN GROWTH STRATEGIES

17

Downtown Core
Policy test: with Existing MUPTE + Fee Assistance



URBAN GROWTH STRATEGIES