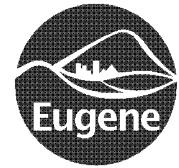


# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: Multi-Unit Property Tax Exemption (MUPTE) Program

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Meeting Date: April 22, 2013  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: A  
Staff Contacts: Denny Braud  
541-682-5536

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### **ISSUE STATEMENT**

On February 27, 2013, the council approved an ordinance suspending the Multi-Unit Property Tax Exemption (MUPTE) program to provide the time needed for the council to conduct a detailed evaluation of the program and determine if modifications should be made. This work session is an opportunity for the council to discuss potential modifications to the MUPTE program.

### **BACKGROUND**

The MUPTE program is enabled by state legislation and designed to encourage higher density housing and redevelopment in the core area and along transit corridors. This objective is strongly aligned with many of the pillars of Envision Eugene. Increasing the amount of multi-family housing in the downtown and along transit corridors helps reduce the amount of urban growth boundary (UGB) expansion that is necessary, provides opportunities for more affordable housing types and protects existing neighborhoods. The program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by the council. During the exemption period, property owners still pay taxes on the assessed value of the land and any commercial portions of the project, except those commercial improvements deemed by the council to be a public benefit and included in the exemption. Currently, eligible MUPTE projects must be located within the Downtown Plan Area (see Attachment A). A summary of projects that have participated in the MUPTE program since inception is included in Attachment B.

The following is a summary of recent council actions related to MUPTE:

- 2008 – The council adopted an ordinance amending the MUPTE boundary to include the Trainsong area.
- 2008 – The council established the existing public benefit scoring system for evaluating applications.

- 2011 – The council adopted an ordinance extending the MUPTE program for 10 additional years and amending the boundary to include only the Downtown Plan area (Trainsong and West University areas were removed). The council also expressed an interest in staff coming back to discuss other MUPTE areas such as Trainsong.
- 2011 – Initial council work session related to MUPTE and Envision Eugene. The council passed a motion to direct staff to not spend any more time on the MUPTE in the West University Neighborhood.
- 2012 – The council approved three MUPTE projects: Park Place (Master Development) Broadway Lofts (Master Development), and 13<sup>th</sup> and Olive (Capstone).
- February 25, 2013 – Public Hearing on suspension of the MUPTE program.
- February 27, 2013 – The council approved ordinance suspending the MUPTE program.

The ordinance suspending the MUPTE program expires on June 30, 2013. The council has expressed a desire to finalize potential modifications to the program prior to the June 30 expiration date. The modifications could include boundary considerations, program criteria, and project reporting. Such modifications would require a public hearing and approval of an updated ordinance. If no action is taken before June 30, the suspension will terminate.

Through the comprehensive Envision Eugene analysis, it was determined that meeting the community's housing needs within the existing Urban Growth Boundary will not likely occur in the absence of community investment tools needed to stimulate more dense housing. Additionally, the community has favored a more urban form of transit-oriented development focused along corridors, recognizing that more dense mixed-use, walkable neighborhoods provided numerous community, economic, and environmental benefits. MUPTE is considered to be one of the primary, cost-effective tools that can be used to impact the location, form, quality, and density of multi-unit housing development, particularly in areas where significant transportation infrastructure investments have been made or are planned to be made. Therefore, it is anticipated that MUPTE will remain a valuable tool for downtown redevelopment and will be considered for implementation of Envision Eugene in locations outside of the Downtown Plan Area.

In previous council discussions, it has been suggested that Portland's Multi-Unit Limited Tax Exemption (MULTE) be used as a model for potential changes to the MUPTE program. For discussion purposes, a comparative summary of the MUPTE and MULTE programs is included in Attachment C. A map of eligible areas in Portland's MULTE program, and the Portland MULTE Administrative Rules are included in Attachments D and E. Eugene's MUPTE program ordinance and Administrative Order are included in Attachments F and G.

## **RELATED CITY POLICIES**

Utilization of the MUPTE program to stimulate new multi-unit housing development addresses many goals for Eugene and downtown, including:

### *Eugene Downtown Plan*

- Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.
- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.

### *Envision Eugene Pillars*

- Promote compact urban development and efficient transportation options.
  - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.
  - Meet the 20-year multi-family housing need within the existing Urban Growth Boundary.
  - Make compact urban development easier in the downtown, on key transit corridors, and in core commercial areas.
- Provide housing affordable to all income levels.

### *Regional Prosperity Economic Development Plan*

- Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
  - As we foster a creative economy, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The Cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

### *City Council Goal of Sustainable Development*

- Increased downtown development

## **COUNCIL OPTIONS**

This work session is an opportunity for staff to get feedback from the council regarding potential changes to the existing MUPTE program. The following next steps have been identified:

1. Draft updated MUPTE program modifications for the council to consider at a subsequent work session.
2. Seek community and stakeholder input.
3. Council work session to review MUPTE program modifications.
4. Public hearing for ordinance on new MUPTE program modifications.
5. Council action on ordinance implementing MUPTE program modifications.

**CITY MANAGER’S RECOMMENDATION**

The City Manager will use council feedback obtained in this work session to bring back recommendations regarding MUPTE program modifications.

**SUGGESTED MOTION**

No motion proposed at this time.

**ATTACHMENTS**

- A. MUPTE Boundary Map
- B. MUPTE Projects Summary
- C. Comparative Summary: Eugene MUPTE and Portland MULTE Programs
- D. Portland MULTE Program Map
- E. Portland MULTE Program Administrative Rules
- F. MUPTE Program Ordinance
- G. MUPTE Program Administrative Order


**FOR MORE INFORMATION**

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# Multi-Unit Property Tax Exemption (MUPTE) Area



 Multi-Unit Property Tax Exemption (MUPTE) Area

City of Eugene - December 14, 2011  
Planning and Development Department  
Community Development Division



Caution: This map is based on imprecise source data, subject to change and for general reference only.

Taxes paid and estimates of the exempted amounts are from Lane County Assessment and Taxation.

**Projects No longer Exempt**

	Name	Unit Mix	MUJTE Period	Taxes Paid in 2010	Taxes prior to exemption	Boundary
1	Broadway Center Washington & Broadway	107 units 12 studio; 71 One-Bedroom; 24 Two-Bedroom; 12 Studio	1979-1988	\$ 83,750	\$ 3,000 *	Old
2	Lawrence Court 8th & Lawrence	50 One-Bedroom units	1981-1990	\$ 37,902	\$ 3,000 *	Old
3	Washington Abbey 10th & Washington	48 units 9 One-Bedroom/plus loft; Five Two-Bedroom; 34 One-Bedroom	1986-1995	\$ 51,908	\$ 3,000 *	Old
4	Olive Terrace 15th Ave. & Olive St.	28 units 4 Studio; 12 One-Bedroom; 12 Two-Bedroom	1994-2003	\$ 22,139	\$ 3,000 *	Old
5	Joseph Shapitka 445 W. 10th Ave.	8 Two-Bedroom Units	1994-2003	\$ 8,650	\$ 3,000 *	Old
6	Burnell Ambrose 17 & 35 Lawrence St.	7 One-Bedroom Units	1997-2006	\$ 4,648	\$ 3,565	Old
7	Hilyard House 701 & 725 E. 14th Ave.	53 units 44 Two-Bedroom; 9 One-Bedroom	1997-2006	\$ 51,989	\$ 5,623	Old West University
8	Nozama Apartments 525 & 541 E. 19th Ave.	14 units 12 Two-Bedroom; 2 Four-Bedroom	1997-2006	\$ 12,247	\$ 1,693	Old West University
9	Pairadice Apts 640 E. 15th Ave.	30 units 6 Studio; 8 One-Bedroom; 16 Two-Bedroom	1997-2006	\$ 20,291	\$ 3,163	Old West University
10	High Street Terrace 1055 High St.	58 units 20 Studio; 26 One-Bedroom; 12 Two-Bedroom	1998-2007	\$ 74,714	\$ 5,330	Downtown
11	Broadway Place Broadway & Charnelton	170 units 74 Studio, 72 One-Bedroom, 24 Two-Bedroom	2000-2009	\$ 155,233	city owned	Downtown
				<b>\$ 523,472</b>	<b>\$ 34,375</b>	

\* Taxes prior to exemption is estimated amount (not listed in rfid)

## Projects Currently Exempt

	Name	Unit Mix	MUPE Period	Taxes Paid in 2010	Taxes prior to exemption	2010 est. tax exemption	Boundary	Est. Dev. Cost
12	The Tate 1375 Olive	47 units – condominiums 14 one-bedroom, 27 two-bedroom, 6 three-bedroom	2007-2016	\$ 4,892	city owned	\$ 201,185	Downtown	\$16.7 M
13	Patterson House 979 Patterson	27 units 3 studio, 12 One-bedroom, 12 two-bedroom	2008-2017	\$ 2,148	\$ 4,447	\$ 28,741	Downtown	\$1.9 M
14	Parkside Place 1448 Hillyard	21 units 1 one-bedroom, 2 two-bedroom, 5 three-bedroom, 7 four-bedroom, 6 five-bedroom	2008-2017	\$ 5,283	\$ 2,746	\$ 39,831	Old West University	\$3.2 M
15	Coho Townhouses 622 E. 13 <sup>th</sup> Alley, 631 E. 14 <sup>th</sup> Ave.	9 four-bedroom units	2009-2018	\$ 2,237	\$ 19,165	\$ 20,890	Old West University	\$2.5 M
16	Patterson Place 1364 Patterson	14 units 2 two-bedroom, 6 three-bedroom, 4 four-bedroom, 2 five-bedroom	2009-2018	\$ 2,919	\$ 5,315	\$ 16,688	Old West University	\$2.7 M
17	The Steelhead 540 E. 14 <sup>th</sup> Ave. & 535 E. 14 <sup>th</sup> Alley	9 units 8 four-bedroom, 1 five-bedroom	2009-2018	\$ 1,863	\$ 5,048	\$ 16,347	Old West University	\$2.5 M
18	The Fenway 450 E. 14 <sup>th</sup> , 455 E. 14 <sup>th</sup> Alley	7 units 1 one-bedroom, 2 two-bedroom, 2 four-bedroom, 2 five-bedroom	2010-2019	\$ 3,795	\$ 3,905	\$ 10,182	Old West University	\$2.2 M
19	E. 15 <sup>th</sup> Townhouses (Newman) 429 & 502 E. 15 <sup>th</sup> Ave.	6 two-bedroom units	2011-2020	\$ 2,916 2012	\$ 8,100	\$ 6,552 2012	Old West University	\$0.9 M
20	Midtown Terrace 362 E. 12 <sup>th</sup> Ave., 1254 Mill Alley	24 units 4 one-bedroom, 7 two-bedroom, 13 three-bedroom	2011-2020	\$ 5,271 2012	\$ 4,832	\$ 29,895 2012	Old West University	\$4.2 M
21	The Pearl on Campus 683 E. 16 <sup>th</sup>	8 units 3 two-bedroom, 2 four-bedroom, 3 five-bedroom	2011-2020	\$ 1,777 2012	non-profit exemption	\$ 12,438 2012	Old West University	\$1.8 M
22	The Sequoia 1367 High St.	8 units 2 two-bedroom, 4 three-bedroom, 2 four-bedroom	2011-2020	\$ 5,273 2012	\$ 2,767	\$ 11,378 2012	Old West University	\$1.9 M
23	Westgate 740 E. 13 <sup>th</sup> Ave.	35 units 30 two-bedroom, 5 three-bedroom	2011-2020	\$ 12,882 2012	\$ 12,882 2012	\$ 58,645 2012	Old West University	\$6.4 M
				<b>\$ 51,257</b>	<b>\$ 69,207</b>	<b>\$ 452,770</b>		<b>\$46.9 M</b>

## Projects Not Yet Receiving Exemption

	Name	Unit Mix	MU/PE Period	Taxes Prior to Exemption	Est. 1 yr tax exemption	Boundary	Est. Dev. Cost
24	The Pearl 17 <sup>th</sup> & Pearl	100 units 40 studios, 32 one-bedroom units, 18 two-bedroom units, 10 three-bedroom units	2013-2022	\$7,200	** \$ 100,000	Old West University	\$13.1 M
25	Park Place Apartments 877 E. Park	24 units 10 studios, 10 one-bedroom units, 4 two-bedroom units	2013-2022	City owned	** \$ 24,000	Downtown	\$3.8 M
26	First on Broadway 39 W. Broadway	19 units 10 studios, 6 one-bedroom units, 3 two-bedroom units	2012 Yr Approved	\$12,351	** \$ 32,000	Downtown	\$4.2 M
27	Capstone Olive & 13th	377 units 1,308 bedrooms	2012 Yr Approved	\$4,977	** \$ 846,000	Downtown	\$91.4M
				<b>\$24,528</b>	<b>\$1,002,000</b>		<b>\$112.5 M</b>

\*\* City Staff estimate

## Comparative Summary: Eugene MUPTe and Portland MULTE

### Program Purpose

EUGENE MUPTe	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Stimulate construction of transit supportive multi-unit housing downtown in order to improve the balance between residential and commercial, ensure use of areas as places for live and work.</li> <li>• Encourage development of vacant or under-utilized sites downtown.</li> <li>• Encourage development of multi-unit housing with or without parking in structures that include ground floor commercial, on sites with single story commercial structures, and on existing surface parking lots.</li> <li>• Preserve existing publicly assisted affordable housing.</li> <li>• Result in the preservation, construction, addition, or conversion of units at rental rates or sale prices assessable to a broad range of the general public.</li> </ul>	<ul style="list-style-type: none"> <li>• Stimulate the construction of transit supportive multi-unit housing in the core areas of urban centers to improve the balance between residential and commercial.</li> <li>• Ensure use of the areas places for live and work.</li> <li>• Promote private investment in transit supportive multi-unit housing in light rail station areas and transit oriented areas in order to maximize the transit investment to the fullest extent possible.</li> <li>• Establish and design programs to attract new development of multi-unit housing, commercial, and retail in areas located within light-rail and transit oriented areas.</li> <li>• Stimulate the construction of affordable housing and other public benefits where such housing and benefits may not otherwise be made available.</li> <li>• Leverage market activities to advance housing and economic prosperity goals.</li> </ul>
<b>Analysis/Comments</b>	
<ul style="list-style-type: none"> <li>○ Although both programs have similar goals related to transit-oriented development, Portland has taken a more aggressive approach by including downtown and many other areas throughout the City including light rail areas and transit-oriented corridors.</li> <li>○ Existing Eugene MUPTe boundary = approx. 0.50 square miles; Existing Portland MULTE boundary = approx. 17 square miles.</li> <li>○ Because the Portland rental real estate market has experienced significant strengthening (higher rents are more capable of supporting the cost of new construction), the program has shifted its purpose to mandate that new affordable housing units are created in every eligible project.</li> </ul>	



## Application Process

EUGENE MUPTE	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Ongoing application process</li> <li>• No limit on number of applications approved</li> <li>• Application fee: \$400</li> <li>• 30-day public comment period</li> <li>• Review of financial information by Loan Advisory Committee</li> <li>• Application approved by City Council</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive application process annually</li> <li>• Annual Cap: Approve no more than \$1 million of estimated foregone tax revenue each year.</li> <li>• Application fee: Established annually (currently \$11,000)</li> <li>• Public hearing – Portland Housing Advisory Committee</li> <li>• Final approval by Portland Housing Bureau through the filing of an ordinance with City Council</li> </ul>
<p><b>Analysis/Comments</b></p> <ul style="list-style-type: none"> <li>○ Portland’s annual cap establishes a competitive environment for a limited amount of tax exemption each year and assumes that there will be more project demand than exemptions available. The cap policy was recently implemented in 2012.</li> <li>○ The number of approved Eugene MUPTE projects has averaged slightly less than one per year over the life of the program.</li> <li>○ The cap may create scenarios where desirable projects do not move forward once the cap is reached.</li> <li>○ Portland’s MULTE application fee is intended to meet the administrative cost associated with monitoring program compliance, although Portland has indicated that actual administrative costs likely exceed the fees collected.</li> </ul>	

## Application Submission Requirements

EUGENE MUPTE	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Schematic drawing/elevation of the proposed project.</li> <li>• Description of the number, size, and type of dwelling units and dimensions of structure.</li> <li>• Plan identifying public/private access, parking/circulation, and landscaping.</li> <li>• Proper notification before removing structures, and appropriately addressing historic structures.</li> <li>• Description of public benefits (as defined in the program criteria) to be included in the project.</li> <li>• Information on the project costs and financing, and other information required by City on the financial feasibility of the project, including:</li> </ul>	<ul style="list-style-type: none"> <li>• Conceptual site plan</li> <li>• Description of the number, size, and type of dwelling units, dimensions of structure, proposed lot coverage of building, amount of open space, type of construction, public/private access, parking/circulation plan, number of commercial/residential off-street parking spaces, floor area dedicated to residential/non-residential uses.</li> <li>• Description of existing use of property and justification for elimination of rehabilitable housing.</li> <li>• Public benefits description.</li> <li>• Project schedule.</li> </ul>

<ul style="list-style-type: none"> <li>- Pro forma financial analysis of projected rate of return for the project with and without the tax exemption.</li> <li>- Projected rental rates with and without the tax exemption.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Information: <ul style="list-style-type: none"> <li>- Pro forma development budget</li> <li>- Pro forma sources and uses</li> <li>- 15-year pro forma operating cash flow without exemption</li> <li>- 15-year pro forma operating cash flow with exemption</li> <li>- 15-year pro forma operating cash flow showing necessary increase in units rents necessary to achieve the same return as with the exemption</li> <li>- Rent structure by unit type</li> <li>- Description of how real estate taxes were determined</li> <li>- All components of developer equity</li> <li>- Copy of market study provided by senior lender</li> </ul> </li> </ul>
<p><b>Analysis/Comments</b></p> <ul style="list-style-type: none"> <li>○ Both programs’ financial submission requirements are similar; however, the Portland MULTE program is more specific in their program description.</li> <li>○ The Portland MULTE requires a market study for the proposed project in cases where projects are petitioning to provide affordable units at 80% median income in high costs areas (ex. downtown).</li> </ul>	

## Financial Analysis

EUGENE MUPTTE	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Staff conduct a 10-year financial analysis, based on industry-standard methodologies, without and with the exemption</li> <li>• Financial analysis is reviewed by the Loan Advisory Committee</li> <li>• PDD Director provides recommendation regarding financial “but for” analysis.</li> </ul>	<ul style="list-style-type: none"> <li>• Portland Housing Bureau staff conduct a financial analysis without and with the tax exemption.</li> </ul>
<p><b>Analysis/Comments</b></p> <ul style="list-style-type: none"> <li>○ The up-front staff financial analysis for both programs is similar.</li> <li>○ The Eugene MUPTTE program also utilizes outside the outside, community expertise of the Loan Advisory Committee to review staff’s analysis.</li> </ul>	

## Minimum/Required Criteria

EUGENE MUPTÉ	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Five or more units.</li> <li>• Located within Downtown Plan Area.</li> <li>• Project would not be built “but for” the tax exemption.</li> <li>• Comments solicited from affected neighborhood.</li> <li>• Applications must respond to specific Public Benefit Criteria related to:               <ul style="list-style-type: none"> <li>- Density</li> <li>- Location (Downtown, Opportunity Site)</li> <li>- Green Building: LEED or Earth Advantage</li> <li>- Affordable Housing</li> <li>- Home Ownership</li> <li>- ADA Accessibility</li> <li>- Historic Preservation</li> <li>- Parking</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• At least 10 units with a minimum density of 35 units per net acre (residential only), or 20 units per net acre (mixed-use with ground floor commercial), and at least two times the amount of residential floor area to non-residential floor area.</li> <li>• Located within identified Designated Plan Areas/Metro 2040 Centers, within a quarter mile radius of Max Station Areas, or within a quarter mile from either Metro 2040 Main Streets with Transit with Transit Service or Metro 2040 Corridors with Frequent Transit Service within City of Portland.</li> <li>• Project would not be built “but for” the tax exemption</li> <li>• For rental project, submit documentation that the anticipated rate of return for the exemption period will not exceed 10 percent.</li> <li>• For rental projects, minimum of 20 percent of units affordable to households earning 60 percent of area median family income, or 80 percent in high cost market areas.</li> <li>• For sale housing units must sell for less than 120% of Portland annual median sale price.</li> <li>• Must provide a plan to meet minority, women, and emerging small business hiring for professional services and construction contracting.</li> <li>• Must submit marketing plan for engaging community stakeholders and use of gathering and commercial space.</li> <li>• Required to participate in Neighborhood Contact process prior to application.</li> <li>• Must certify to build the project using a green building standard: LEED silver, Earth Advantage Multi-Family silver, Oregon’s Reach Code, Enterprise Green Communities for affordable housing.</li> <li>• Project must provide a pedestrian connection (sidewalks, walkways, stairways, pedestrian bridges) to enhance effectiveness of light rail or mass transportation system.</li> <li>• Must own or have site control of project site.</li> </ul>



**Analysis/Comments**

- Eugene’s required MUPTE criteria reflects the requirements included in state statutes and additional public benefits.
- Portland has established a longer list of requirements for MULTE eligibility which reflects their specific program purpose, particularly related to the required provision of affordable housing and the cap (10%) on the projects financial rate of return.
- Portland has indicated that no projects in the MULTE portfolio have been required to make a Accrued Payment Liability payment under their rate of return cap.
- Rent levels in the Portland market that are considered to meet the “affordable” requirement are much higher than in Eugene. Therefore, it may be difficult to mirror Portland’s affordable housing approach without significantly impacting the financial feasibility of a project.
- Eugene has used an alternative program, the Low-Income Housing Tax Exemption, to stimulate affordable housing in the core (ex. Aurora Apartments, WestTown on 8<sup>th</sup>).

**Public Benefit Scoring**

EUGENE MUPTE	PORTLAND MULTE
<ul style="list-style-type: none"> <li>● Degree to which the project exceeds minimum density requirements</li> <li>● Located on a designated “opportunity site”.</li> <li>● LEED certification or Earth Advantage Certification</li> <li>● Number of units affordable to households earning 60 percent of median income.</li> <li>● At least 50 percent of the units dedicated to home ownership.</li> <li>● Number of ADA accessible units.</li> <li>● Acceptable plan for preservation and enhancement of historic locales.</li> <li>● Located in the Downtown Plan Area.</li> <li>● In Residential Parking Program zones, number of parking spaces provided in excess of what is required by code.</li> </ul>	<ul style="list-style-type: none"> <li>● Priority points for:                             <ul style="list-style-type: none"> <li>- Affordability in addition to minimum requirement</li> <li>- Achieve the vision contained in Portland Housing’s “Guiding Principles on Equity and Social Justice” through partnerships with community based organizations, the use of commercial space, etc.</li> <li>- Units available to persons with special needs, accessible units.</li> </ul> </li> <li>● Bonus Points for:                             <ul style="list-style-type: none"> <li>- Family sized units (2+ bedrooms) in areas lacking such units, with family friendly amenities.</li> <li>- Access to grocery stores, schools, day care</li> <li>- Quality gathering space available to the community</li> <li>- Portion of units reserved in partnership with agency serving vulnerable populations.</li> </ul> </li> </ul>

**Analysis/Comments**

- Eugene MUPTE program uses a point system that reflects specific public benefit outcomes beyond the minimum state statute requirements.
- Portland MULTE uses a point system that reflects additional public benefits provided beyond their minimum program requirements as a tool for comparing and selecting amongst multiple, competing applications.

## Compliance Requirements

EUGENE MUPTÉ	PORTLAND MULTE
<ul style="list-style-type: none"> <li>• Following application approval and immediately prior to commencement of construction, working drawings and other documents reviewed by City to ensure project will comply with approval conditions upon completion.</li> <li>• Council resolution includes disqualification provision in the event that the approved project does not meet the approved project description.</li> <li>• Submission of green building certification (if applicable).</li> </ul>	<ul style="list-style-type: none"> <li>• Owners sign an “Extended Use Agreement” related to affordability and the project rate of return.</li> <li>• Owners submit certification of public benefits requirements with the first annual financial documentation submitted.</li> <li>• Owners submit financial information annually (audited financial statements, tax returns, 10-year operating cash flow with to-date rate of return)</li> <li>• Portland Housing Bureau prepares annual analysis and informs owner if rate of return is expected to exceed 10 percent for the entire exemption period.</li> <li>• At the end of 10-year period, if the overall rate of return exceeds 10 percent:               <ul style="list-style-type: none"> <li>- The Extended Use Agreement requires an additional 5-year period of affordability (number of units necessary to reduce the return to 10 percent); or</li> <li>- Owner pays an “Accrued Payment Liability” in an amount equal to the net present value of the difference between the actual cash flow during the exemption period and the pro forma projected cash flows that would provide a 10 percent return during the exemption.</li> </ul> </li> <li>• For ownership projects, verification that homebuyers meet program criteria.</li> </ul>
<p><b>Analysis/Comments</b></p> <ul style="list-style-type: none"> <li>○ Portland MULTE requirements, particularly related to affordable housing and the rate of return cap, require significant on-going monitoring for compliance. Project monitoring may be required for several years following expiration of the program.</li> <li>○ Financial statements and tax returns are typically treated as confidential information.</li> </ul>	



**Attachment E**  
**PORTLAND MULTE – ADMINISTRATIVE RULES**

**Definition of Administrative Rules**

These Administrative Rules are created in accordance with the City of Portland’s Administrative Rule process by the Portland Housing Bureau (PHB) in order to define the policies, processes, and procedures of implementation of the Multiple-Unit Limited Tax Exemption Program authorized by City Code 3.103 (Property Tax Exemption for Multiple-Unit Housing Development) and State Statute, ORS 307.600 through 307.637.

The Administrative Rules shall be approved through City Council annually however the Director of the PHB or a designee shall have authority to make changes to the Administrative Rules as is necessary to meet current program requirements throughout the year.

Program policies, processes, and procedures are outlined in these Administrative Rules however there may be additional program requirements necessary to maintain compliance with City Code and State Statute. The items included in these Administrative Rules are the following:

- 1. Program Goals**
  - 2. Benefit of the Tax Exemption**
  - 3. Minimum Threshold Requirements**
  - 4. Application Review and Scoring of Public Benefits**
  - 5. Application Approval**
  - 6. Compliance Requirements**
  - 7. Termination of Active Exemptions**
  - 8. PHB Administrative Requirements and Dates**
  - 9. Attachments**
- Program Goals**

The Legislative goals of the Multiple-Unit Limited Tax Exemption Program include:

- Stimulate the construction of transit supportive multiple-unit housing in the core areas of urban centers to improve the balance between the residential and commercial nature of those areas;
- Ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work;
- Promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize transit investment to the fullest extent possible; and
- Establish and design programs to attract new development of multiple-unit housing and commercial and retail property, in areas located within a light rail station area or transit oriented area.

The City of Portland and Multnomah County have established these additional core goals:

- Stimulate the construction of affordable housing and other public benefits where such housing or benefits may not otherwise be made available;
- Leverage market activities to advance housing and economic prosperity goals by aligning those activities with the goals of the Portland Plan and the PHB’s Strategic Plan; and
- Provide transparent and accountable stewardship of public investments.

**Benefit of the Tax Exemption**

The Multiple-Unit Limited Tax Exemption Program provides a ten year property tax exemption on the residential portion of the structural improvements as long as program requirements are met. During the exemption period, property owners are still responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project, except for those commercial improvements deemed a public benefit and approved for the exemption.

The value of the exemption cannot exceed 100 percent of the real market value. In the case of a structure converted in whole or in part from other uses to multiple-family, only the increase in value attributed to the conversion is eligible for the exemption.

The property is reassessed when the exemption is either terminated for noncompliance or expires after the ten years, and owners begin paying full property taxes.

- **Commercial portions of a project** – For exemption of the commercial portion of a mixed use development, the developer must demonstrate through community engagement and/or a market analysis that the commercial space meets a community identified need for a good or service that is not currently available within walking distance, does not compete with a similar established business

within walking distance, and advances Portland Development Commission's (PDC) Neighborhood Economic Development Goals.

- **Parking** – The exemption may include parking constructed as part of the multiple-unit housing construction, addition or conversion; any parking available shall not be required as payable rent.

- **Extensions for low income housing** – Extensions beyond the ten year exemption period will be granted only for projects subject to a low income housing assistance contract with an agency or subdivision of Oregon or the United States.

Applications for extensions must be submitted under the same application timeline as new applications prior to the exemption expiring. Extensions may be granted only for the portion of units which meet the affordability requirements through June 30 of the tax year during which the termination date of the low income housing assistance contract falls. Projects that propose to make changes to the affordability mix must reapply through the competitive process.

### **Minimum Threshold Requirements**

- **Eligible areas** – Projects must be located within identified Designated Plan Areas/Metro 2040 Centers, within a quarter mile radius of Max Station Areas, or within a quarter mile from either Metro 2040 Main Streets with Transit Service or Metro 2040 Corridors with Frequent Transit Service within the City of Portland as illustrated on the map attached as [Exhibit 1](#).

- **Timing of application** – Applications for tax exemption must be submitted and approved prior to application for the project's building permit.

- **Rental project financial need** – Analysis of the project pro forma must establish that the project would not otherwise be financially feasible without the benefit provided by the property tax exemption; the applicant must submit documentation that the anticipated rate of return for the project for the period of the exemption will not exceed 10 percent.

- **Affordability** – For rental projects, during the term of the exemption, a minimum of 20 percent of the number of units must be affordable to households earning 60 percent or less of the area median family income upon initial occupancy of the unit by that household. In high cost market areas a project may propose 20 percent of the number of units affordable to households earning 80 percent or less of the area median family income based on the market for similar units in the same geographic area supported by a market study.

Subsequent monitoring of the incomes of these households is not required until the affordable unit again becomes available for rent, at which time it must be rented to an income qualified household earning 60 percent (or 80 percent if approved as such) of the area median income for the remaining term of the property tax exemption, unless another unit has subsequently been rented at an equivalent affordable rate to a qualified household so that the project continues to comply with the affordability guidelines.

Measurement of household income shall be determined using the U.S. Department of Housing and Urban Development's, or its successor agency's, annual household income for the Portland Metropolitan Area for a family of one person (for a studio apartment), two persons (for a one-bedroom apartment), three persons (for a two-bedroom apartment), or four persons (for a three-bedroom apartment). Affordability shall be defined as a rental rate which does not exceed 30 percent of the monthly gross income including allowances for utilities (rent burden).

Affordable units to be distributed evenly amongst unit mix (bedroom sizes). Projects must maintain the same unit distribution of affordable units during the exemption period but individual units do not need to be designated.

- **For-sale project financial need/Affordability** – Units receiving tax exemption will be sold to buyers meeting the affordability requirements. Homebuyers (who will be both on title to the property and occupying the home) must earn no more than 100% median family income for a family of four, adjusted upward for households larger than 4 persons.

- **For-sale project price cap** – The property must sell for less than the sale price cap established annually by PHB – no more than 120% of the annual median sale price (or appraised value if an owner/builder) for the City of Portland.

- **For-sale project occupancy** – For-sale units may not be rented at any time (both prior to initial sale and after homebuyer qualification); properties which are rented are subject to termination of the exemption. Homebuyers must occupy the property as their primary residence.

- **MWESB goals** – Applicants must provide a plan to meet PHB’s business equity goals for participation of Minority, Women, and Emerging Small Businesses (MWESB) in professional services and construction contracting and City workforce training and hiring goals.

- **Marketing Plan** – Applicants must submit a Marketing Plan that describes elements including but not limited to engaging community stakeholders, the use of gathering and commercial space in the project, and outreach to a target audience.

- **Neighborhood Contact** – Applicants are required to participate in the Neighborhood Contact process prior to applying for the building permit and tax exemption program. The Neighborhood Contact process provides a setting for the applicant and neighborhood residents to discuss a proposed project in an informal manner. By sharing information and concerns during the application process, all involved have the opportunity to identify ways to improve a proposed project, and to resolve conflicts before the tax exemption is approved.

The requirements for Neighborhood Contact are:

- The applicant must contact the neighborhood association for the area, by registered or certified mail, to request a meeting. A copy of this request must also be sent by registered or certified mail to the district neighborhood coalition.

- The neighborhood association should reply to the applicant within 14 days and hold a meeting within 45 days of the date of the initial contact. If the neighborhood association does not reply to the applicant’s letter within 14 days, or hold a meeting within 45 days, the applicant may request a land use review or building permit without further delay. If the neighborhood requests the meeting within the time frame, the applicant must attend the meeting. The applicant may attend additional meetings on a voluntary basis. The neighborhood may schedule the meeting with its board, the general membership, or a committee.

- After the meeting and before pulling the building permit, the applicant must send a letter to the neighborhood association and district neighborhood coalition. The letter will explain changes, if any, the applicant is making to the proposed project.

- Copies of letters, and registered or certified mail receipts must be submitted with the tax exemption application.

- **Green building** – The project must be built to meet healthy and resource efficient environmental building standards. The applicant must certify in the application to build the project using one of the following standards:

- Register and certify at the silver level for US Green Building Council’s Leadership and Energy in Environmental Design (LEED);

- Register and certify at the silver level for Earth Advantage Multifamily;

- Build to meet Oregon’s Reach Code for Commercial or Residential Buildings; or

- Comply and certify for Enterprise Green Communities’ criteria for affordable housing.

Certification must be submitted to PHB with the first year’s financial document submission. If the project is not built to meet one of the standards, the exemption will be terminated.

- **Eligible project types** – Projects must be proposed construction, additions to existing structures or conversion of existing non-residential property to housing.

Projects must have at least ten units with a minimum density of 35 units per net acre of site area (residential only); or at least ten units with a minimum density of 20 units per net acre of site area (mixed use with ground floor commercial space) and at least two times the amount of residential floor area to non-residential floor area; home ownership projects are exempt from this requirement.

A row-house or townhouse development containing for-sale or rental units is eligible as long as all other eligibility criteria are met.

The project must not be designed or used as transient accommodation, including but not limited to hotels and motels.

Existing multiple-unit housing projects which are currently or will become subject to a low income housing assistance contract with an agency or subdivision of Oregon or the United States are eligible

to apply through the competitive process to receive an exemption in order to preserve or establish existing housing that is affordable to low income persons.

- **Pedestrian connection** – The project must provide a pedestrian connection and be physically or functionally related to and enhance the effectiveness of a light rail line or mass transportation system. Pedestrian connection means a continuous, unobstructed, reasonably direct route between two points that is intended and suitable for pedestrian use. Pedestrian connections include but are not limited to sidewalks, walkways, stairways and pedestrian bridges. On developed parcels, pedestrian connections are generally hard surfaced. In parks and natural areas, pedestrian connections may be soft-surfaced pathways. On undeveloped parcels and parcels intended for redevelopment, pedestrian connection may also include rights-of-way or easements for future pedestrian improvements.

- **Qualified applicant** – Applicant must own or have site control of the project site.

- **Additional application requirements** – Applicant must provide the following information in the completed application and supporting documentation:

Project description:

- Number, size, and type of dwelling units;
- Dimensions of the multiple-unit structure(s), parcel size, proposed lot coverage of building, and amount of open space;
- Type of construction;
- Public and private access;
- Parking and circulation plan;
- Number of residential and commercial off-street parking spaces;
- Proposed amount of floor area dedicated to residential and nonresidential uses;
- Description of the existing use of the property, including if appropriate a justification for the elimination of existing sound and rehabilitable housing;
- Conceptual site plan and supporting maps (drawn to a minimum scale of one inch equal to 16 feet, or a scale suitable for reproduction on 8-1/2" by 11" paper, showing the development plan of the entire project including streets, driveways, sidewalks, pedestrian ways, off street parking, loading areas, location, design, and dimension of structures, use of land and structure(s), major landscaping);
- Public benefits description (including any extension of public benefits from the project beyond the period of the exemption); and
- Project schedule.

Financial Information (for rental projects only) – spreadsheet(s) to be submitted electronically/"live" (not PDF):

- Pro forma development budget (detailed project costs);
- Pro forma Sources and Uses;
- 15 year pro forma operating cash flow (income and expense analysis) **without** the exemption – demonstrate the 10 year average cash on cash return;
- 15 year pro forma operating cash flow (income and expense analysis) **with** the exemption – demonstrate the 10 year average cash on cash return;
- 15 year pro forma operating cash flow (income and expense analysis) showing the necessary increase in unit rents to achieve the same return as **with** the exemption – demonstrate the average cash on cash return;
- Rent structure by unit type (affordable units to be net of utility allowance);
- Description of how real estate taxes without the exemption were determined;
- All components of developer equity including invested cash; and
- Copy of the market study provided to the senior lender for the project.

Legal:

- Property tax printout for all parcels, showing tax account numbers and legal descriptions (include copy of deed to document ownership or full legal description if necessary);
- Legal articles of entity who will receive the exemption (Identifying signature block);
- Applicant should identify any mutual identity of interest between themselves and the construction contractor;
- Such other information required by state or local law or otherwise which is reasonably necessary; and
- Application provided by PHB with applicant's signature verifying oath or affirmation.

## **Application Review and Scoring of Public Benefits**

- **Annual cap** – PHB will approve no more than \$1 million of estimated and projected foregone revenue each year. Properties located in eligible areas within the Gateway and Lents Urban Renewal Areas are exempt from the cap.
- **Time frame** – PHB will have an annual open application window through a competitive process. The first application round is expected to start on August 15, 2012. Applicants will have 45 days to submit an application for review. Approved exemptions will go into effect July 1 of the assessment year in which construction was completed, but no earlier than July 1, 2014.
- **Threshold requirements** – Applications will be reviewed to determine if the program minimum threshold requirements are met and if there is a financial need for the exemption. Projects meeting the minimum threshold requirements will be weighed for the largest benefits to the city.
- **Public Benefits** – Applicants must commit to providing public benefits to the community and will receive points for the level of commitment made, allowing them to compete against other applicants. Projects must achieve a minimum score to reach a “medium” level in the scoring in order to be competitive. The possible public benefits include but are not limited to the following:

### **Priority points for:**

- Affordability in addition to threshold requirement, balanced with market rents (rental projects ) or sale prices (for-sale unit) in the area;
- Applicant’s demonstration in the MWESB and Affirmative Marketing Plans of how the project will help PHB achieve the vision contained in PHB’s “Guiding Principles on Equity and Social Justice” through partnerships with community based organizations, the use of any commercial space, etc.; and
- Units accessible to persons with special needs, such as the mentally or physically disabled or other categories of persons as defined by the Federal Fair Housing Amendments Act of 1988 in addition to ADA and Fair Housing minimum requirements (i.e. all units “accessible ready”, a portion of or all units fully “accessible”, and incorporation of established accessible design features, such as Universal Design, at both unit and site level.)

### **Bonus points available for:**

- Family sized units (2+ bedrooms) in areas lacking housing units with two or more bedrooms (as defined in a map attached as [Exhibit 2](#)) with appropriate family friendly amenities (family oriented recreational facilities for the children of project residents such as secure on-site play area, on-site garden area, etc.);
- Access to grocery stores, schools, day care, etc. (within ¼ mile);
- Quality gathering space (exterior or interior) available to the community at large (on-going or by reservation) such as permanent dedications for public use including open space, community gardens, or pedestrian and bicycle connections to public trails and adjoining neighborhood areas; and
- A portion of units reserved for and an established partnership with an agency to provide services to vulnerable populations (i.e. youth who have transitioned or are transitioning out of foster care, women fleeing domestic violence, veterans).

- **PHIC Review** – The PHB Housing Investment Committee will confirm the projects selected based on the scoring of the public benefits.

- **Application fee** – Applicants must pay PHB an application fee (to be established annually, including the fee to be paid to Multnomah County) for each selected application.

- **Public hearing before PHAC** – PHB will present the selected applications to the Portland Housing Advisory Committee at a public hearing, for which public notice will be given and public testimony will be heard.

- **URA approval** – For properties located in Urban Renewal Areas, PHB will contact Portland Development Commission (PDC) for approval prior to approval of the application.

## **Application Approval**



- **Final approval** – Exemptions will receive final approval by PHB through the filing of an ordinance with City Council within 180 days of application. PHB will send a copy of the approved resolution to the applicant.

- **County activation** – PHB will send a copy of the approved ordinance and list of approved properties along with the corresponding fee to Multnomah County no later than April 1 each year.

### **Compliance Requirements**

- Eligible multiple-unit housing shall be constructed, converted, or preserved after the date of adoption of this program, and completed on or before January 1, 2022 unless the program is extended and a later sunset date is established through the Oregon State Legislature.

- Project owners must submit certification including any necessary supporting documentation of the public benefits and other project requirements identified in the approved application to PHB with the first annual financial documentation submitted.

### **Rental projects**

- **Extended Use Agreement** – The owner of a rental project approved for exemption will be required to sign an extended use agreement (EUA) to be recorded on the title to the property.

- **Annual reporting and review** – During the exemption period, the owner must submit project financial information annually to PHB within 45 days from the end of the project's fiscal year. The financial information shall include, but is not limited to the following:

- Full project-based audited financial statements
- Internal Revenue Services tax information (tax returns)
- Ten year operating cash flow statement, showing actual cash flow for all prior years and the current year and shall include a to-date calculation of the rate of return for the project
- Electronic Operating Statement (EOS) or similar form
- Electronic Tenant Survey (ETS) (to validate subsequent rental and household income compliance, when unit becomes available for rent after initial occupancy)
  - Every fifth year, the tenant income qualification submitted shall be certified by a third party.
- Any other documentation deemed necessary by PHB to calculate or evaluate the rate of return for the project

PHB will prepare an annual analysis of the project's financial data including a to-date calculation of the rate of return for the project using the same method utilized in its initial recommendation for the tax exemption within 180 days of receipt of all required financial information.

PHB will advise the owner in writing whether the projected rate of return will exceed 10 percent for the entire exemption period and may result in an Accrued Payment Liability (APL).

If PHB determines that the number and unit mix of affordable units is less than the approved percentage or does not match the unit mix of the project, the next available units must be rented to households meeting the income requirements and the project must be brought into compliance before the next reporting period.

- **Project rate of return** – At the end of the final year of the exemption, PHB will calculate the rate of return for the project during the exemption.

If the rate of return does not exceed 10 percent, then the EUA terminates at the end of exemption.

If the rate of return exceeds 10 percent, then PHB sends a written notice to the last known address of the owner requiring the owner to elect one of the following:

- The EUA may remain in full force and effect for an additional 5 years after the end of the tax exemption, extending the affordability requirements approved for the exemption; provided that the number of units subject to the rent restrictions as approved is the same number necessary to reduce the net present value, using a 10 percent annual discount rate of the project's projected market-rate (unrestricted) annual cash flows by an amount equal to the APL; or
- The owner pays an APL in an amount equal to the lesser of either:
  - The net present value using a 10 percent annual discount rate of the difference between the project's actual annual cash flows during the exemption and the proforma projected cash flows for the project that would provide a 10 percent rate of return during the exemption; or
  - The maximum amount of the property taxes that would have been assessed if no exemption had been granted.

### **For-sale units**

- **Agreement/Notice** – Prior to approval, applicants must execute a document to be recorded on title to the property requiring PHB verification of homebuyer affordability and owner-occupancy qualification prior to the sale of the property to the initial homebuyer.

- **Homebuyer verification** – The initial homebuyer must submit a verification form and supporting documentation at least 10 business days prior to closing on the home purchase and must not close without PHB review and response. The verification form must be signed by all homebuyers; income documentation should be submitted for all homebuyers who will both be on title to the property and living in the home.

Supporting income documentation includes the last two years of W2s, the most current month's worth of paystubs, and documentation of any additional income received such as social security, child support, alimony, or unemployment; self-employed homebuyers must submit two years of filed federal tax returns with all schedules and a current year-to-date profit and loss statement. PHB may require additional documentation in order to fully verify current income of the homebuyers including letters of explanation or affidavits.

- **PHB review prior to closing** – PHB will notify homebuyer and escrow of homebuyer qualification (affordability and owner-occupancy) prior to closing.

- **Sales over the price cap** – Escrow must notify PHB if a property is selling over the established price cap. If the exemption is already in effect, it will be terminated and escrow must request the amount of any taxes exempted due from Multnomah County to be paid at closing by the seller.

- **Construction completion** – The property must be fully constructed upon sale (documented by final permit or certificate of occupancy and usually verifiable by PHB through Portland Maps).

- **Verification of closing** – Homebuyers must send PHB documentation of the final sale price and title holders within 30 days of closing by submitting a copy of the recorded Warranty Deed or the Final HUD-1 Settlement Statement.

- **Subsequent homebuyers** – If a property with a tax exemption transfers title during the ten year exemption period, the exemption will continue as long as the property remains owner occupied.

- **Owner Occupancy** – The Property may not be rented at any time (both prior to initial sale and after homebuyer approval). After initial sale, the property must be owner occupied (or listed for sale and vacant) during the exemption period.

Multnomah County will provide an annual list to PHB of all multiple-unit for-sale exemptions where the property (situs) address differs from the mailing address on record for the tax bill prior to June 30 each year. Properties with a post office box as the mailing address will be included in this list.

PHB will send a letter to property owners on the list provided by Multnomah County at both the property and mailing addresses requesting documentation that a property is being occupied as the owner's primary residence and that the property is not rented. Documentation includes but is not limited to copies of the prior year's complete federal tax return, government issued photo identification showing the property address, and a recent (within two months) utility bill showing the mailing address and billing address as the property address.

PHB will determine if documentation submitted is sufficient to document owner occupancy. If PHB finds that the property is not owner occupied, the exemption will be terminated.

**Hardship exception process** – If PHB determines that a property owner is not meeting the owner occupancy requirement of the program, a property owner may submit a letter to PHB asking for a hardship exception to the requirement.

Hardship exceptions may be granted for (but are not limited to) the following situations: active military duty outside of the area, temporary relocation to care for an ill or dying family member, or temporary relocation caused by an employer. Hardship exceptions are allowed for one year so a property owner would need to request an additional exception each year should the hardship situation continue.

PHB will review the hardship situation and determine whether or not an exception to the owner occupancy requirement can be granted for one year. PHB will not accept a hardship exception if the property has been rented.

### **Termination of Active Exemptions**

If the property no longer qualifies for the tax exemption prior to the exemption expiring, the exemption will be terminated.

PHB will send a certified letter to the mailing addresses on record with the date of a hearing where the property owner may show cause why the exemption should not be terminated. The hearing will be scheduled at least 20 days from the mailing of the letter. PHB staff will determine whether or not the

property owner has presented sufficient cause to not terminate the exemption. PHB will also send a letter to the lender on record from recorded documents notifying them of their right to attempt to cure or remedy the non-compliance within 30 days.

PHB will go before city council annually in late August with a list of all exemptions to be terminated for the current tax year.

**PHB Administrative Requirements and Dates**

- **Annual review of market value/price cap for for-sale units** – PHB must review and establish an annual maximum market value and price cap based on data of the previous year’s sales within the city of Portland provided by Multnomah County. PHB must present a resolution to City Council to approve the cap prior to January 1.

**HISTORY**

Ordinance No. 185477, passed by City Council June 27, 2012 and effective August 1, 2012.



**COUNCIL ORDINANCE NUMBER 20479**

**COUNCIL BILL NUMBER 5055**

**AN ORDINANCE CONCERNING MULTIPLE-UNIT HOUSING  
PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS  
2.945 AND 2.947 OF THE EUGENE CODE, 1971.**

**ADOPTED: September 26, 2011**

**SIGNED: September 28, 2011**

**PASSED: 8:0**

**REJECTED:**

**OPPOSED:**

**ABSENT:**

**EFFECTIVE:**

**October 29, 2011**

**ORDINANCE NO. 20479**

**AN ORDINANCE CONCERNING MULTIPLE-UNIT HOUSING PROPERTY TAX EXEMPTIONS AND AMENDING SECTIONS 2.945 AND 2.947 OF THE EUGENE CODE, 1971.**

**The City Council of the City of Eugene finds as follows:**

**A.** In accordance with State law, Sections 2.945 and 2.947 of the Eugene Code 1971, were adopted setting forth provisions regarding approval of multiple-unit housing property tax exemptions. One of the criteria for approving a multiple-unit housing property tax exemption required that the project be completed on or before January 1, 2012.

**B.** State law has recently been amended and extended the January 1, 2012 project completion deadline to January 1, 2022, and authorized the granting of an exemption for a commercial use that is part of the multiple-unit housing building.

**C.** The Council has determined that Sections 2.945 and 2.947 of the Eugene Code 1971, should be amended to allow the City's multiple-unit housing property tax exemption program to continue, consistent with the new State law, for the downtown core. Although this Ordinance extends the program at this time only for the downtown core, the Council will be considering in the near future what other parts of the City should be eligible for the multiple-unit housing property tax exemption program.

**THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:**

**Section 1.** Sections 2.945 and 2.947 of the Eugene Code, 1971, are 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. Sections 2.945 and 2.947 of this code shall apply in the downtown area depicted on Map 2.945(2) attached to Ordinance 20479 and appended to chapter 2 of this code.
- (3) Applications for property tax exemption hereunder shall be filed with the city manager on or before February 1 immediately preceding the first assessment year for which exemption is requested and shall be accompanied by an application fee. The application shall be processed in accordance with standards and guidelines adopted by administrative rule of the city manager. As used in this section and section 2.947 of this code and the standards and guidelines, "city manager" includes the manager's designee. The standards and guidelines adopted by the city manager in the manner described in section 2.019 of this code shall contain provisions relating the net financial benefit from the property tax exemption to the public benefits provided by the improvements, including a public benefit scoring system for evaluating applications.
- (4) 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 during the 30 day comment period on the application at its next scheduled meeting. If the council fails to act on an application which has been timely referred to it as provided in the standards and guidelines within 180 days from the date it was filed, the application shall be deemed approved and processed thereafter in accordance with subsection (9) of this section.

- (5) At the meeting at which the city manager's recommendation on an application is considered, 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.
- (6) In order to approve an application, the council must find that:
- (a) The project will provide multiple-unit housing of five or more units;
  - (b) The project is located within the boundaries of the core or transit oriented areas described in subsection (2) above;
  - (c) The proposal could not financially be built "but for" the tax exemption;
  - (d) The applicant solicited comments from city-recognized affected neighborhood associations;
  - (e) The requirements in the standards and guidelines related to proximity to historic resources have been satisfied;
  - (f) The applicant has complied with the provisions of the standards and guidelines;
  - (g) In case of multiple-unit housing located in the transit oriented area described in subsection (2)(b) of this section, the structure must:
    - 1. Be physically or functionally related to a light rail or mass transportation system; and
    - 2. Enhance the effectiveness of a light rail or mass transportation system.
  - (h) In the case of the construction of, or the addition or conversion to multiple-unit housing:
    - 1. The construction, addition or conversion will be completed on or before January 1, 2022;
    - 2. The owner has agreed to include in the construction, addition or conversion, as a part of the multiple-unit housing, one or more public benefits, including but not limited to commercial uses of a portion of the multiple-unit housing structure, open spaces, parks and recreational facilities, common meeting rooms, child care facilities, transit amenities and transit or pedestrian design elements, or benefits otherwise specified in the standards and guidelines;
    - 3. The proposed construction, addition or conversion project is, or will be at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved;
  - (i) 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, 2022;

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;
  - (j) The multiple-unit housing is not designed for, and will not be used as transient accommodations; and
  - (k) Granting the application is in the public interest. In making this determination, council shall consider, among other things, the number of points awarded based on the public benefit scoring system contained in the standards and guidelines.
- (7) Unless the council makes each of the findings required by subsection (6) of this section, the council shall deny the application. In addition to the owner's name and address, and a legal description or the assessor's property account number for the subject multiple-unit housing, the resolution approving the application shall contain the above findings and set forth the specific conditions of approval or exclusions therefrom and specify the percentage and duration of the exemption. A resolution denying an application shall set forth the specific reasons for denial.
- (8) The city manager shall forward to the applicant a copy of the resolution adopted by the council within 10 days from the date the council acts on the application, and on or before April 1 following approval, shall file with the county assessor a copy of the resolution approving an application.
- (9) With respect to an application deemed approved through inaction of the council under subsection (4) of this section, on or before April 1 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.
- (10) 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.
- (11) Notwithstanding subsection (6) of section 2.947 of this code, if the multiple-unit housing 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.

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

- (1) After a resolution approving an application has been filed, if the city manager finds that:
  - (a) Construction of multiple-unit housing was not completed within the time specified in the resolution, and no extensions as provided in subsection (5) hereof have been granted, or



- (b) The applicant has failed to comply with the provisions of ORS 307.600 to 307.637, the provisions of this code, any provisions of the standards and guidelines adopted by the city manager, or
- (c) The applicant has failed to comply with any conditions imposed in the resolution approving the application, or
- (d) Construction of multiple-unit housing was not completed on or before January 1, 2022, or
- (e) In the event units within the development are sold individually, a unit owner fails to comply with applicable requirements described in paragraphs (b) or (c) of this section,

the city manager shall notify the council; the owner of the property, at the owner's last known address; and any known lender, at the lender's last known address, of the manager's intention to recommend to the council that the exemption be terminated. The notice shall clearly state the reasons for the proposed termination, and shall require the owner to appear before the council, at a time specified in the notice, which shall not be less than 20 days from the date the notice was mailed, to show cause, if any exists, why the exemption should not be terminated.

- (2) If the owner fails to appear and show cause why the exemption should not be terminated, the city shall further notify every known lender of the owner's failure to appear and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide adequate assurance that the noncompliance will be remedied.
- (3) If the owner fails to appear before the council at the time specified in the notice, or if the owner appears and fails to show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, the council shall adopt a resolution terminating the exemption, which shall contain its findings in support thereof. Copies of the resolution shall be filed with the county assessor and mailed to the property owner, at the owner's last known address, and to any lender at the lender's last-known address, within 10 days from the date adopted. If a determination is made that the exemption should continue as previously granted, the council shall enter written findings of record in support of the continued exemption and forward a copy thereof to the property owner and to any lender within 10 days from the date of the hearing.
- (4) All reviews of council action in denying, approving, or terminating an application shall be governed by the procedures set forth in ORS 34.010 to 34.100, and correction of assessments and tax rolls and the evaluation of the property shall be in conformity with ORS 307.687. The council's action on an exemption shall not be a land use decision for purposes of administrative review.
- (5) If construction, addition, or conversion of multiple-unit housing is not completed by January 1, 2022, upon receipt of a request from the

property owner, the council may, by resolution, extend the deadline for completion of construction of multiple-unit housing for a period not to exceed 12 consecutive months, if it finds the failure to complete construction by the time specified in the resolution was due to circumstances beyond the control of the owner, and that the owner had been and could reasonably be expected to act in good faith and with due diligence.

- (6) In any event, no multiple-unit housing granted an exemption by the council may be exempt from ad valorem taxation for more than 10 successive years. The first year of exemption is the assessment year beginning January 1 immediately following the calendar year in which construction, addition or conversion is completed, determined by that stage in the construction process when, pursuant to ORS 307.330 the improvement would have gone on the tax rolls in the absence of the exemption. The exemption may not include the land, nor any improvements located thereon that are not a part of the multiple-unit housing but may include commercial use of a portion of the structure and parking constructed as part of the multiple-unit housing construction, addition or conversion, and is in addition to any other exemption provided by law. However, no property may be exempt beyond 100 percent of its real market value.
- (7) Any exemption granted by the council shall terminate immediately, without right of notice or appeal, in the event the county assessor determines that a change of use to other than residential or residential with commercial uses of a portion of the structure, or housing has occurred for the multiple-use housing, or portion thereof, or if a low income housing assistance contract with an agency or subdivision of this state or the United States is breached or terminated prematurely, or a declaration as defined in ORS 100.005(12) is presented to the county assessor or tax collector for approval in connection therewith. Termination shall be in accordance with the provisions of ORS 307.627.

**Section 2.** Applications submitted or approved pursuant to Sections 2.945 and 2.947 of the Eugene Code, 1971, prior to the effective date of this Ordinance, shall be governed by the Code provisions that were in effect prior to the effective date of this Ordinance.

**Section 3.** The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein,

or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

**Passed by the City Council this**

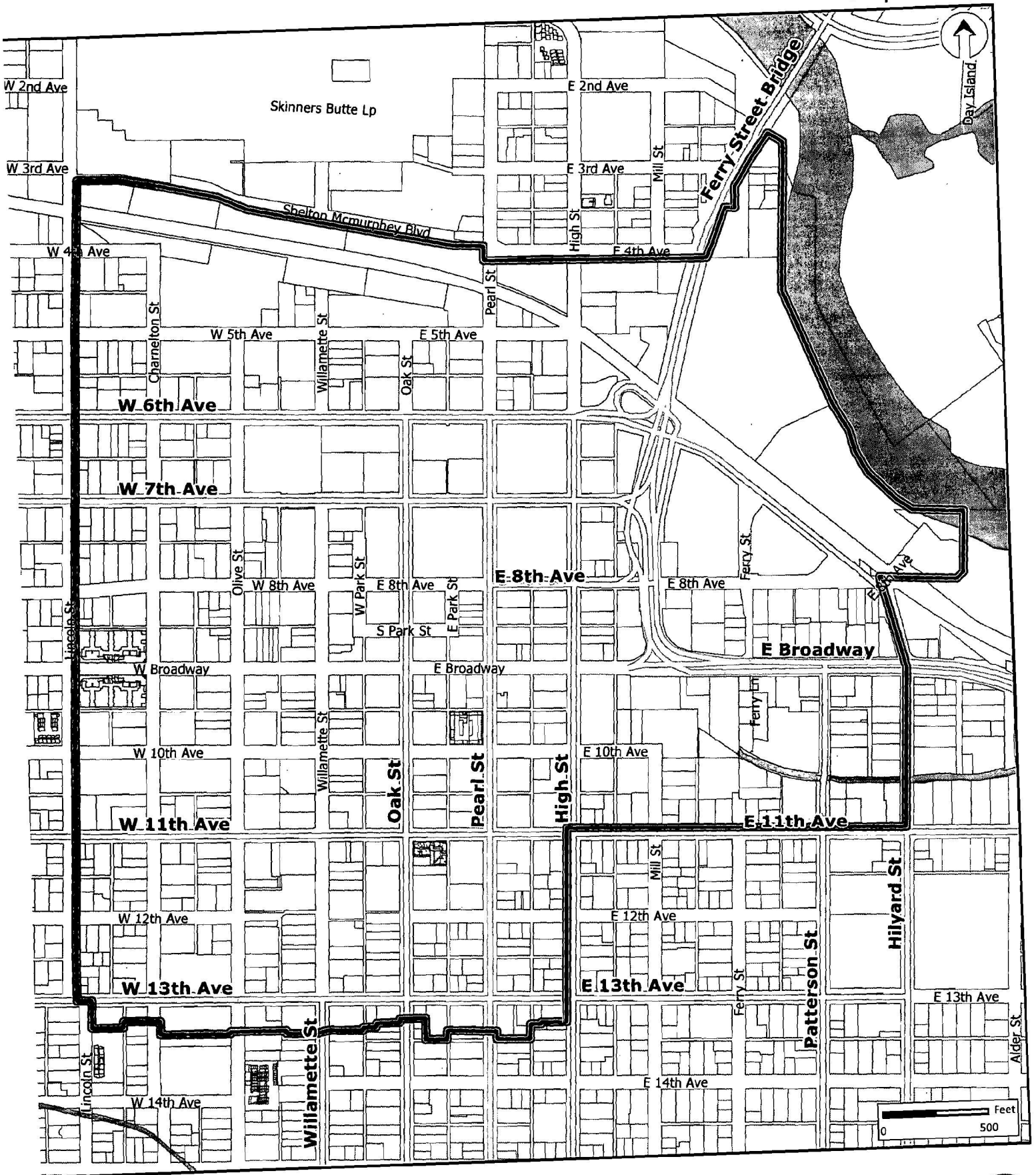
**26<sup>th</sup> day of September, 2011**

Sandra Q. Stubbs  
Deputy City Recorder

**Approved by the Mayor this**

28 day of September, 2011

Kitty Perry  
Mayor





# MEMORANDUM

City of Eugene  
777 Pearl Street, Room 105  
Eugene, Oregon 97401-2793  
(541) 682-8447  
(541) 682-5414 FAX  
www.eugene-or.gov

**Date:** November 10, 2011

**To:** Sandra Stubbs, Deputy City Recorder

**From:** Glenn Klein, City Attorney *AK*

**Subject:** Scrivener Error Correction to EC 2.945 Adopted by Ordinance No. 20479

It has come to our attention that two reference errors exist in Ordinance No. 20479 which was adopted on September 26, 2011.

Ordinance No. 20479 amended EC 2.945(2) to redefine the area eligible to receive multiple-unit property tax exemptions (MUPTE). That redefinition deleted subsections (2)(a) and (2)(b) from EC 2.945, thereby removing the areas known as "the core area" and "the transit oriented area" as MUPTE eligible areas, and instead adopted a new subsection (2) which described the MUPTE eligible area as the "downtown area."

Due to the amendment to EC 2.945(2), the reference to "core or transit oriented areas" in EC 2.945(6)(b) should have been amended to read "downtown area." In addition, EC 2.945(6)(g) should have been deleted because that subsection refers to deleted subsection EC 2.945(2)(b) and deals solely with MUPTE in the transit oriented area.

Please effect a scrivener error correction so that EC 2.945(6)(b) reads as follows:

"(b) The project is located within the boundaries of the downtown area described in subsection (2) above;"

Please also effect a scrivener error correction to delete subsection (g) from EC 2.945(6) and reletter the subsequent subsections.

This correction is authorized by Ordinance No. 20479. A copy of this memo should be attached to that Ordinance.

**ADMINISTRATIVE ORDER NO. 53-12-01-F**  
**of the**  
**City Manager**

**AMENDMENT OF MULTIPLE-UNIT HOUSING PROPERTY TAX  
EXEMPTION STANDARDS AND GUIDELINES RULE R-2.945 AND  
REPEAL OF ADMINISTRATIVE ORDER NOS. 53-09-01-F AND 53-11-05.**

**The City Manager of the City of Eugene finds that:**

**A.** Section 2.019 of the Eugene Code, 1971, (“EC”) authorizes the City Manager to adopt rules for administration of provisions of the Eugene Code. EC 2.945 authorizes the City Manager to adopt Standards and Guidelines for processing applications for multiple-unit housing property tax exemptions.

**B.** On March 30, 2009, Administrative Order No. 53-09-01-F was issued adopting amendments to the Multiple-Unit Housing Property Tax Exemption (“MUPTE”) Standards and Guideline Rule R-2.945.

**C.** On September 26, 2011, the City Council adopted Ordinance No. 20479 which amended EC 2.945 and 2.947. The amendments included extending the MUPTE application and construction completion deadlines to January 1, 2022, and amending the MUPTE program boundaries.

**D.** On December 14, 2011, Administrative Order No. 53-11-05 was issued temporarily amending the MUPTE Standards and Guidelines to extend the MUPTE application and construction completion deadlines to January 1, 2022. Administrative Order No. 53-11-05 will expire on June 11, 2012.

**E.** In order to make the amendments to amend the Standards and Guideline provisions permanent and to amend the provisions to reflect changes to the MUPTE program boundary, on May 17, 2012, I issued Administrative Order No. 53-12-01 proposing to make the necessary amendments.

**F.** Notice of the proposed rule amendment was published in the Register-Guard Newspaper on May 21, 22, 23, 24 and 25, 2012. Notice was also made available to persons who had requested such notice, and provided that written comments would be received for a period of 15 days from the first date of publication. No comments were received within the time or in the manner provided in the Notice.



**BASED UPON** the above findings which are adopted, and pursuant to the authority contained in Sections 2.019 and 2.945 of the Eugene Code, 1971, Administrative Order Nos. 53-09-01-F and 53-11-05 are repealed and Multiple-Unit Housing Property Tax Exemption Standards and Guidelines Rule R-2.945 is amended to provide as follows:

**MULTIPLE-UNIT HOUSING PROPERTY  
TAX EXEMPTION STANDARDS AND GUIDELINES RULE R-2.945**

**R-2.945-A**    **Definitions.** For purposes of these rules, the following words and phrases mean:

**City Manager.** The City Manager of the City of Eugene, or his or her designee.

**Core area.** The area described in section 2.945(2) of the Eugene Code.

**Historic Locale.** A building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

**Historic structure.** Any building, structure or object which has been identified as a primary or secondary historic resource (strong or possible eligibility for city landmark or National Register status) in a survey acknowledged by the Eugene Historic Review Board and the State Historic Preservation Office, or which is an "historic property" as that term is defined by section 9.0500 of the Eugene Code.

**Lender.** Any person who makes a loan, secured by a recorded mortgage or trust deed, to finance the acquisition, construction, addition or conversion of multiple-unit housing.

**Low-income housing assistance contract.** An agreement between a public agency and a property owner that results in the production, rehabilitation, establishment, or preservation of housing affordable to those with a defined level of household income.

**Multiple-unit housing.**

          (1) Housing subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States; or

          (2) Newly constructed structures, stories or other additions to existing structures, and structures converted in whole or in part from other use to dwelling units that meet the following criteria:

- (a) The structure must have five or more dwelling units;
- (b) The structure must not be designed or used as transient accommodations, including but not limited to hotels and motels; and
- (c) The structure must have those design elements benefitting the

general public pursuant to section R-2.945-G.

**Pedestrian connection.** A continuous, unobstructed, reasonably direct route between two points that is intended and suitable for pedestrian walkways, stairways and pedestrian bridges. On developed parcels, pedestrian connections are generally paved. In parks and natural areas, pedestrian connections may be soil or bark pathways. On undeveloped parcels and parcels intended for redevelopment, pedestrian connection may include rights-of-way or easements for future pedestrian improvements.

**Potential historic structure.** Any building or structure which is older than 50 years in age and located in an area of the City which has not been canvassed as part of a historic resource survey acknowledged by the Eugene Historic Review Board and the State Historic Preservation Office.

**R-2.945-B Program Purpose and Boundaries.**

1. The purpose of the program is to:
  - 1.1 Stimulate the construction of transit supportive multiple-unit housing in the City's downtown area in order 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;
  - 1.2 Encourage the development of vacant or under-utilized sites in the downtown area, rather than sites where sound or rehabilitable multiple-unit housing exists;
  - 1.3 Encourage the development of multiple-unit housing, with or without parking, in structures that may include ground-level commercial space;
  - 1.4 Encourage the development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures;
  - 1.5 Encourage the development of multiple-unit housing, with or without parking, on existing surface parking lots; and
  - 1.6 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 subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States.
2. The program shall emphasize:
  - 2.1 The development of multiple-unit housing, with or without parking, in



structures that may include ground-level commercial space;

2.2 The development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures; and

2.3 The development of multiple-unit housing, with or without parking, on existing surface parking lots.

3. The program shall result in the preservation, construction, addition or conversion of units at rental rates or sale prices accessible to a broad range of the general public.

**R-2.945-C Eligible Structures.**

To be eligible for local property tax exemption hereunder, a structure must:

1. Be multiple-unit housing as defined above, which:

1.1 In the case of the construction, addition, or conversion of multiple-unit housing, the construction, addition, or conversion must be completed on or before January 1, 2022;

1.2 In the case of housing subject to a low-income housing assistance contract with an agency or subdivision of this state or the United States, the application for exemption was made on or before January 1, 2022.

2. Be located within the downtown area; and

3. Meet the approval criteria set forth in these Standards and Guidelines.

**R-2.945-D Application for Exemption for Housing Subject to a Low-Income Housing Assistance Contract.**

1. On or before February 1 immediately preceding the first assessment year for which exemption is requested, the applicant shall submit to the City Manager, on a form provided by the City, an application for exemption, containing the following information:

1.1 The applicant's name, address, and telephone number;

1.2 A legal description of the property or the assessor's property account number for the site;

1.3 A written description of the existing use of the property, including a justification for the elimination of, or a plan for the relocation of existing sound or

rehabilitable housing located on the property; and

1.4 Any other information required by state or local law or requested by the City or which is otherwise reasonably necessary to effectuate the purposes of this program.

2. The applicant must also attach to the application the low-income housing assistance contract that has been executed with the agency or subdivision of this state or the United States.

3. The application shall be verified by oath or affirmation of the applicant and submitted with an application processing fee to be set by the City Manager pursuant to Section 2.020 of the Eugene Code, 1971. The application fee shall include the amount to be paid to the County Assessor as the County's agreed processing fee for those applications receiving Council approval. The amount of the basic fee shall be prominently displayed on the application, together with a statement that the applicant may be required to pay other reasonable costs, including publication costs and appraisal costs, if any are incurred by the City or the County in processing the application. Any additional costs shall be paid to the City by the applicant prior to the granting of any final approval. If the application is approved, the City shall pay the application fee to the County Assessor for deposit in the County General Fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. In the event an application is denied, the City shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**R-2.945-E Application for Exemption for New Construction, Additions, or Conversions.**

On or before February 1 immediately preceding the first assessment year for which exemption is requested, the applicant shall submit to the City Manager, on a form provided by the City, an application for exemption, containing the information required in section (1) of Rule R-2.945-D, and the additional information as follows:

1. A schematic drawing, drawn to a minimum scale of one inch equals 16 feet (1" = 16'), which shows the site plan and major features and dimensions of the proposed development, and a schematic drawing, drawn to a minimum scale of one inch equals 16 feet (1" = 16'), that shows both a side and front elevation of the proposed development;

2. A written statement which:

2.1 Pinpoints the location of the proposed development;

2.2 Describes the number, size, and type of dwelling units, and dimensions of structures;

2.3 Identifies public and private access, parking and circulation plans, and landscaping uses; and

2.4 Describes the public benefit(s) in section R-2.945-G which the applicant proposes to include in the project; and

3. Information on the costs and financing for the housing and other information required by the City on the financial feasibility of the project.

4. The application shall be verified by oath or affirmation of the applicant and submitted with an application processing fee to be set by the City Manager pursuant to Section 2.020 of the Eugene Code, 1971. The application fee shall include the amount to be paid to the County Assessor as the County's agreed processing fee for those applications receiving Council approval. The amount of the basic fee shall be prominently displayed on the application, together with a statement that the applicant may be required to pay other reasonable costs, including publication costs and appraisal costs, if any are incurred by the City or the County in processing the application. Any additional costs shall be paid to the City by the applicant prior to the granting of any final approval. If the application is approved, the City shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. In the event an application is denied, the City shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**R-2.945-F Duration of Tax Exemption.**

1. Except as provided in subsection 2 of this section, the maximum term of a tax exemption for any multiple-unit housing project is ten years.

2. For a multiple-unit housing project under an existing low-income housing assistance contract, the exemption may extend through June 30 of the tax year in which the contract expires.

3. If the City Manager recommends the approval of an application, the City Manager shall recommend a grant of the maximum permissible term. The final determination of the exemption term will be made by the City Council.

**R-2.945-G Approval Criteria for New Construction, Additions, or Conversions.**

1. **Public Benefit.** The City Council places a great deal of importance on adding high quality housing to the downtown area. Therefore, applicants must respond in writing as to how each of the following eight public benefits relate to the proposed project. Based on an

applicant's written response and other materials included with the application, the City Manager will award each project a certain number of points using the public benefit criteria described below. Council will consider the number of points awarded when determining whether to grant the application.

Benefit

Points

1.1 Density. The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area. Therefore, points will be awarded to a project based on the degree to which the project exceeds the minimum density requirements for that location.

Criteria / Tier 1: Project is located on a site officially designated as an "opportunity site: as that term is defined by the City Council.

100 pt.

Criteria / Tier 2: 10 points awarded for each unit in excess of the minimum required density. (50 point maximum)

50 pt. max.

1.2 Green Building Features and Quality of Building Materials.

Criteria (Option 1): For projects seeking Leadership in Energy & Environmental Design (LEED) certification, the applicant must submit the LEED Registration Number, Project Checklist and narrative describing the project's green elements. The LEED Project Checklist must demonstrate an award of at least five points more than the minimum needed for certification. *(If an applicant is awarded points under this paragraph and is granted a MUPTE, the applicant must submit documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review) no more than 18 months after receiving a Certificate of Occupancy. If this documentation is not timely submitted, the MUPTE may be revoked.)*

100 pt.

Criteria (Option 2): For projects where LEED certification would not be feasible, but where the applicant intends to utilize green practices, the applicant may demonstrate the intent to earn an Earth Advantage Certification by submitting an Earth Advantage Points Worksheet and narrative describing green elements as part of the MUPTE application. *(If an applicant is awarded points under this paragraph and is granted a MUPTE, the applicant must submit documentation of Earth Advantage certification no more than 18 months after receiving a Certificate of Occupancy. If this documentation is not timely submitted, the MUPTE may be revoked.)*

Earth Advantage Platinum

75 pt.

Earth Advantage Gold

50 pt.

Earth Advantage Silver

25 pt.

1.3 Mixed Income.

Criteria: Ten points awarded for each housing unit dedicated to controlled income and rental housing that is affordable to a household at 60% of median income as published each year for the Eugene-Springfield area by the United States Department of Housing and Urban Development (HUD). The applicant must provide a written certification of the number of housing units dedicated to controlled income and rental housing on a form provided by the City.

10 pt./unit

1.4 Homewonership.

Criteria: At least 50% of the project is dedicated to homeownership.

100 pt .

1.5 Accessibility. The building code requires that projects include Americans with Disabilities Act (ADA) adaptable units (the number depends on specific project details). For a unit to be adaptable, it must have the structural enhancements necessary for the installation of specific accessible features (grab bars, hallway width, etc.). ADA accessible units have already been adapted and include specific features.

Criteria: Ten points are awarded for each ADA accessible unit.

10 pt./unit

1.6 Historic Sensitivity. Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.

Criteria: Project preserves and enhances an existing historic locale, as evidenced by a concept plan that has been reviewed and accepted by a Planning & Development Department staff person with expertise in design and historic preservation.

25 pt.

1.7 Location. Increased multiple-unit development in the heart of downtown is both important and particularly challenging due to increased property and construction costs. Proposals for projects located within the adopted "Downtown Plan Area" are worthy of added consideration.

Criteria: Project is in the Downtown Plan Area.

100 pt.

1.8 Parking (Applicable only in Residential Parking Permit Program (RPP) zones). The Land Use Code requires one parking space per dwelling unit, except in parking-exempt zones. In RPP zones, the City has acknowledged a parking shortage and has developed a permit program for residential street parking.

Criteria: Ten points for each parking space provided beyond what is required by the Code when the proposed project is

10 pt./space

located in an RPP zone.

2. **Compliance with Local Law.** The proposed construction, addition or conversion project is or will be, at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved

3. **Local Standards.** The proposed project must comply with the following additional standards:

3.1 **Utilization of the Proposed Project Site.**

3.1.1 **Removal of Historic Structure or Potential Historic Structure.** No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Eugene Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.

3.1.2 **Justification for Elimination of Existing Housing.** No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the two years immediately preceding the date of application for the exemption. This restriction shall be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old dwelling units by significantly larger dwelling units that will accommodate families.

4. **Public Benefit Beyond the Period of Exemption.** The applicant must demonstrate that one or more of the public benefits described in the application will extend beyond the period of the tax exemption.

5. **Project Would Not be Built Without Exemption.** The applicant must demonstrate that the project as proposed could not be built but for the benefit of the tax exemption. The applicant must submit documentation, including a pro-forma and an analysis of the projected rate of return for the proposed project. This information will be reviewed by city staff and a City loan advisory committee will make a recommendation on the application.

6. **Comments from the Appropriate Neighborhood Association.** Although neighborhood association support is not a requirement for MUPTE approval, the application must include evidence that the applicant made an effort to contact the appropriate neighborhood association to share information and seek input. An applicant may show an effort to contact the appropriate neighborhood association by providing either:

- 6.1 Documentation of the applicant's attempt to solicit comments; or
- 6.2 A copy of the comments received from the neighborhood association.

Comments from the Neighborhood association, as well as other public comments, will be provided to the City Council.

**R-2.945-H Recommendations on Applications.**

Within 90 days from the date an application is filed, the City Manager shall:

1. Review the application and all supportive material to verify that the applicant has provided the information required and notify the applicant of any omissions.
2. Publish a one column, 3" minimum display ad in the Register Guard soliciting recommendations or comments from the public. The ad will advise that written comments may be submitted to the City for a period of 30 days from the first publication date. Recommendations or comments shall also be solicited from the neighborhood group(s) (if any).
3. Recommend to the Council that the application be denied, approved, or approved subject to conditions. The recommendation shall set forth specific findings in support of the City Manager's recommendation, based upon these Standards and Guidelines, Council resolutions and ordinances, applicable State statutes, and the written comments received. The written comments shall be forwarded to the City Council with the City Manager's recommendation.

**R-2.945-I Compliance Review for New Construction, Additions or Conversions.**


Following approval of an application for tax exemption by the Council and immediately prior to the commencement of construction, the applicant shall review the working drawings and other documents with the City Manager. If construction commenced prior to Council approval of a tax exemption, the applicant shall review the construction documents and other documents with the City Manager prior to completion of construction to ensure that the project will comply with the approval conditions upon completion.

**R-2.945-J Reports.**

If requested by the Council, the City Manager shall submit reports to the Council for transmittal to the House and Senate Revenue Committee of the Oregon Legislature describing the effect of this program in the City of Eugene. The reports shall describe the number of housing developments and residential units to which the exemption applies, the value of the developments constructed, the value of the tax exemptions granted, and the general effectiveness of the property tax exemption as an incentive for construction of housing. The reports shall be

submitted to the Council sufficiently in advance so as to permit the Council to file them at least 60 days prior to the beginning of each regular legislative session.

**Dated and effective this 12 day of June, 2012.**



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**Jon R. Ruiz**  
**City Manager**